

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1994 Commission file number 1-1063.

DANA CORPORATION
(Exact name of registrant as specified in its charter)

Virginia 34-4361040
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

4500 Dorr Street, Toledo, Ohio 43615
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (419) 535-4500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock of \$1 par value	New York, Pacific, London Stock Exchanges

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X ---

The aggregate market value of the voting stock held by non-affiliates of the registrant at February 16, 1995, was approximately \$2,390,408,000.

The number of shares of registrant's Common Stock, \$1 Par Value, outstanding at February 16, 1995, was 101,181,285 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Where Incorporated
1. Proxy Statement dated March 3, 1995 for Annual Meeting of Shareholders to be held on April 5, 1995.	Part III (Items 10, 11, 12, 13)
2. Annual Report to Shareholders for year ended December 31, 1994.	Part I (Item 1) Part II (Items 5, 6, 7, 8) Part IV (Item 14)

The Exhibit Index is located at pages 27 - 30 of the sequential numbering system.

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FOR THE YEAR ENDED DECEMBER 31, 1994

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PART I

ITEM 1 - BUSINESS

Dana Corporation, incorporated in 1905, is a global leader in engineering, manufacturing and marketing of products and systems for the worldwide vehicular, industrial and mobile off-highway original equipment (OE) markets and is a major supplier to the related aftermarkets (also called "distribution" or "replacement parts" markets). Dana also owns Dana Credit Corporation, a significant provider of lease financing services in certain markets. The Company's products include: drivetrain systems, such as axles, driveshafts, clutches and transmissions; engine parts, such as gaskets and sealing systems, piston rings, pistons and filtration products; structural components, such as vehicular frames, engine cradles and heavy duty side rails; chassis products, such as steering and suspension components; fluid power systems, such as pumps, cylinders and control valves; and industrial power transmission products, such as electrical and mechanical brakes and clutches, drives and motion control devices.

Dana's Vehicular segment is comprised of components and parts used on automobiles, pickup trucks, vans, minivans, sport utility vehicles and medium and heavy trucks. In 1994, sales from this segment accounted for 80% of Dana's sales. The Company's Industrial segment products include mobile off-highway vehicle and stationary equipment applications. Sales from this segment amounted to 20% of the Company's 1994 sales.

"Business Segments" at pages 31 and 32 of Dana's 1994 Report to Shareholders ("1994 Annual Report") is incorporated herein by reference.

GEOGRAPHICAL AREAS

To serve its global markets, Dana has established regional operating organizations in North America, Europe, South America and Asia/Pacific, each with management responsibility for its specific geographic markets. The Company's significant international operations are located in the following countries: Argentina, Australia, Brazil, Canada, China, Colombia, France, Germany, India, Italy, Japan, Korea, Mexico, Netherlands, Singapore, Switzerland, Taiwan, Thailand, United Kingdom and Venezuela. Dana's international subsidiaries and affiliates manufacture and sell a number of vehicular and industrial products which are similar to those produced by Dana in the United States (U.S.). In addition to normal business risks, operations outside the U.S. are subject to other risks including, among others, the political, economic and social environments, governmental laws and regulations, and currency revaluations and fluctuations.

Consolidated international sales were \$1.6 billion, or 25% of the Company's 1994 sales. Including U.S. exports of \$431 million, international sales accounted for 31% of 1994 consolidated sales. International operating income was \$127 million, or 22% of consolidated 1994 operating income. In addition, there was \$19 million of equity in earnings from international affiliates in 1994.

"Business Segments" by geographic areas at page 33 of Dana's 1994 Annual Report and "International Operations" at page 26 of Dana's 1994 Annual Report are incorporated herein by reference.

MARKETS

During the past three years, Dana's sales to Vehicular and Industrial OE manufacturers and service parts markets were as follows:

	Market Analysis by Business Segment*		
	Percentage of Consolidated Sales		
	1992	1993	1994
	----	----	----
Vehicular Products -			
OE Manufacturers	50%	54%	56%
Service Parts	31%	28%	24%
	---	---	---
Total	81%	82%	80%
Industrial Products -			
OE Manufacturers	10%	9%	10%
Service Parts	9%	9%	10%
	---	---	---
Total	19%	18%	20%

*Note: End use of products is not always identifiable but these are reasonable estimates derived from expected customer usages.

Sales in the Lease Financing segment consisted of real estate sales and did not exceed 1% of consolidated sales for 1992, 1993 or 1994. Lease financing revenues (amounting to less than 5% of Dana's consolidated 1994 total revenues) have been excluded from this market analysis.

CUSTOMER DEPENDENCE

The Company has thousands of customers and enjoys long-standing business relationships with many of these customers. The Company's attention to price, quality, delivery and service has been recognized by numerous customers who have awarded the Company supplier quality awards. Ford and Chrysler were the only customers accounting for more than 10% of the Company's net sales in 1994. The Company has been supplying product to Ford, Chrysler and their subsidiaries for many years. Sales to Ford, as a percentage of the Company's net sales, were 17%, 18% and 16% in 1992, 1993 and 1994, respectively. Sales to Chrysler, as a percentage of net sales, were 9%, 11% and 12% in 1992, 1993, and 1994, respectively. Loss of all or a substantial portion of the Company's sales to Ford, Chrysler or other large vehicle manufacturers, would have a significant adverse effect on the Company's financial results until this lost sales volume could be replaced. This event is considered unlikely in the ordinary course of business and would most likely occur only in the event of a major business interruption such as a prolonged strike at one of the Company's customers.

PRODUCTS

The major groups of products within the Vehicular segment are as follows:

Types of Products -----	Major Product Groups - Vehicular Segment Percentage of Consolidated Sales		
	1992 ----	1993 ----	1994 ----
Front and rear axles for highway vehicles, primarily trucks	25%	28%	29%
Engine parts and accessories for highway vehicles, such as gaskets, seals, pistons, piston rings and filters	17%	14%	14%
Driveshafts and universal joints for highway vehicles, primarily trucks	10%	11%	11%
Frames and other structural components for highway vehicles, primarily trucks	9%	8%	8%
Other Vehicular products	20%	21%	18%
	---	---	---
Total	81%	82%	80%

No major product groups within the Industrial or Lease Financing segments exceeded 10% of consolidated sales during these periods.

MATERIAL SOURCE AND SUPPLY

Most raw materials (such as steel) and semi-processed or finished items (such as forgings and castings) are purchased from capable long-term suppliers within the geographic regions of the Dana operating units. Generally, the Company does not rely on any one supplier for these materials, which are for the most part available from numerous sources in quantities needed by the Company. Temporary shortages of a particular material or part occasionally occur, but the overall availability of materials is not considered to be a problem by the Company.

SEASONALITY

Dana's businesses are not considered to be seasonal, but the OE vehicular businesses do tend to track the vehicle manufacturers' production schedules.

BACKLOG

The majority of Dana's products are not on a backlog status. They are produced from readily available materials such as steel and have a relatively short manufacturing cycle. Each operating unit of the Company maintains its own inventories and production schedules. Nearly all products are available from more than one facility. Production capacity is either adequate to handle current requirements or will be expanded to handle anticipated growth in certain product lines.

COMPETITION

In its Vehicular and Industrial products segments, the Company competes worldwide with a number of other manufacturers and distributors which produce and sell similar products. These competitors include vertically-integrated units of the Company's major vehicular OE customers as well as a number of independent U.S. and international suppliers. The competitive environment in these segments has changed dramatically in the past few years. The Company's traditional U.S. OE customers, faced with substantial international competition, have expanded their worldwide sourcing of components while reducing their overall number of suppliers. The Company has established operations in several regions of the world to enable Dana to be a strong global supplier of its core products.

In the Lease Financing segment, the Company's primary focus is on leasing activities. The Company's competitors include national and regional leasing and finance organizations.

STRATEGY

In the Vehicular and Industrial products segments, the Company is actively pursuing two broad strategies.

The first of these strategies is to increase the Company's involvement and investment in its international markets. The Company has developed a well-defined regional organization in North America, South America, Europe and Asia-Pacific in support of this initiative to compete in world markets. In 1994, international sales, including exports from the U.S., totaled 31% of sales. The Company's longer term goal is to derive 50% of its sales (including exports) from customers outside the U.S. Although subject to certain risks, the Company believes broadening its sales base will better enable it to offset effects of economic downturns in specific countries, source product from the areas of the world which offer the lowest cost, and provide it access to markets which have the greatest growth potential. To accomplish this objective, the Company is focusing on meeting OE customers' needs in each of the local markets in which those customers operate, both through exports and by locating manufacturing facilities in markets where key OE customers have assembly plants. In addition, Dana is maximizing its technological capabilities and resources by offering complete product systems to its global customers.

STRATEGY (Continued)

The Company's second long-term strategic objective is to increase its distribution sales to 50% of sales. The Company believes that distribution sales are less cyclical than OE sales and offer steady long-term growth potential. To date, the Company has consistently expanded its distribution business by increasing market penetration and broadening its product offerings through internal growth and acquisition. In 1994, the Company's distribution sales were 34% of sales.

PATENTS AND TRADEMARKS

Dana's proprietary drivetrain, engine parts, chassis, structural components, fluid power systems, and industrial power transmission product lines have strong identities in the Vehicular and Industrial markets which Dana serves. Throughout these product lines, Dana owns or is licensed to manufacture and sell its products under a number of patents and licenses. These patents and licenses have been obtained over a period of years and expire at various times. Dana considers each of them to be of value and aggressively protects its rights throughout the world against infringement. Because the Company is involved with many product lines, the loss or expiration of any particular patent or license would not materially affect the sales and profits of the Company.

Dana owns numerous trademarks which are registered in many countries enabling Dana to market its products worldwide. The "Dana", "Spicer", "Perfect Circle", "Victor Reinz", "Wix", "Weatherhead", "Warner Electric" and "Gresen" trademarks, among others, are widely recognized in their respective industries.

RESEARCH AND DEVELOPMENT

Dana's facilities engage in engineering, research and development, and quality control activities to improve the reliability, performance and cost-effectiveness of Dana's existing Vehicular and Industrial products and to design and develop new products for both existing and anticipated applications. The Company employs advanced technology and methods to achieve these improvements. To promote efficiency and reduce development costs, Dana's research and engineering people work closely with OE manufacturing customers on special product and systems designs. Dana's consolidated worldwide expenditures for engineering, research and development, and quality control programs were \$108 million in 1992, \$120 million in 1993 and \$138 million in 1994.

EMPLOYMENT

Dana's worldwide employment (including consolidated subsidiaries) was approximately 39,500 at December 31, 1994.

CASH FLOWS

The Company's cash flow from operating activities does not vary significantly within a year, although minor increases or decreases do occur. Cash generated by operating activities is utilized for investing purposes to purchase fixed assets and acquire new businesses and product lines and for financing purposes to pay dividends and retire debt. The "Statement of Cash Flows" on page 21 of Dana's 1994 Annual Report is incorporated herein by reference.

ENVIRONMENTAL COMPLIANCE

The Company makes capital expenditures in the normal course of business, as necessary, to ensure that its facilities are in compliance with applicable environmental laws and regulations. Costs of environmental compliance did not have a materially adverse effect on the Company's capital expenditures, earnings or competitive position in 1994, and the Company currently does not anticipate future environmental compliance costs to be material. "Environmental Compliance and Remediation" on page 29 of Dana's 1994 Annual Report is incorporated herein by reference.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company and their ages as of March 7, 1995, present position(s), and other positions within the past five years are as follows. Unless otherwise indicated, all positions are with Dana. Hayes-Dana Inc. is a majority-owned subsidiary of Dana. Diamond Savings and Loan Company was a wholly-owned subsidiary of DFHI.

Name and Age -----	Present Position(s) with the Registrant -----	Other Positions During the Past Five Years -----
S.J. Morcott (56)	Chairman of the Board of Directors since 1990 and Chief Executive Officer since 1989, President and Chief Operating Officer since 1986	Dana Director since 1985; Chairman of the Board of Hayes-Dana Inc. since 1987 and a Director since 1977
B.R. Reimer (64)	Executive Vice President since 1981	President - Dana Europe, 1986-93
C.H. Hirsch (60)	Executive Vice President since 1991	Senior Vice President, 1985-91
J.E. Ayers (62)	Chief Financial Officer since 1989, Vice President - Finance since 1986 and Treasurer since 1983	None
J.M. Magliochetti (52)	President - Dana North American Operations since 1992	Automotive President - Dana North American Operations, 1990-92; Group Vice President - Dana North American Operations, 1985-90
F.E. Bauchiero (60)	Industrial President - Dana North American Operations since 1990	Group Vice President - Dana North American Operations, 1989-90;
W.J. Carroll (50)	President - Dana Distribution Services since January 1995, President - Hayes-Dana Inc. since 1993, President - DTF Trucking since 1985	Vice President and General Manager - Aftermarket Products Division, 1987-93
B.N. Cole (52)	President - Parish Structural Components Group since January 1995 and Vice President - Heavy Vehicle - Dana North American Operations since 1991	Vice President and General Manager - Frame Division, 1988-91
C.J. Eterovic (60)	President - Dana South American Operations since 1993	Vice President - Dana South American Operations, 1992-93; President - Dana Andean Common Market, 1979-92
R.B. Forde (58)	Group Vice President - Wix Filtration Products Group since January 1995	Vice President and General Manager - Wix Division, 1987-95

EXECUTIVE OFFICERS OF THE REGISTRANT (Continued)

Name and Age -----	Present Position(s) with the Registrant -----	Other Positions During the Past Five Years -----
M.A. Franklin, III (47)	President - Dana Europe since 1993	Vice President and General Manager - Spicer Clutch Division 1991-93; Vice President and General Manager - Private Brands and Product Planning, 1989-91
C.W. Hinde (56)	Vice President since 1992, Chief Accounting Officer and Assistant Treasurer since 1986	Director - Corporate Accounting & Taxes, 1986-92
C.J. McNamara (56)	President - Victor Reinz Sealing Products Group since January 1995 and Vice President - Automotive - Dana North American Operations since 1993	Vice President and General Manager - Victor Products Division, 1987-92
W.L. Myers (54)	President - Spicer Driveshaft Group since January 1995	Vice President and General Manager - Spicer Universal Joint Division, 1986-95
J.H. Reed (62)	President - Spicer Axle Group and President - Light Truck - Dana North American Operations since January 1995, President - Spicer Axle Division since 1991	Vice President - Light Vehicle - Dana North American Operations, 1992-95, Vice President and General Manager - Spicer Axle Division, 1987-91
M.H. Rothlisberger (51)	Vice President and Corporate Controller since December 1994, Assistant Treasurer since 1985	Vice President and Controller, Dana North American Operations 1989-94
E.J. Shultz (52)	President - Lease Financing since 1994	President - Financial Services, 1990-94, Group Vice President - Financial Services, 1986-90
J.S. Simpson (54)	President - Dana Asia/Pacific Operations since 1992	President - Diamond Savings and Loan Company, 1987-92
M.J. Strobel (54)	Vice President since 1976, General Counsel since 1970, and Secretary since 1982	None
J.H. Woodward, Jr. (42)	Controller - Dana North American Operations since December 1994	Division Controller - Spicer Heavy Axle and Brake Division, 1992-94, Plant Manager - Spicer Trailer Products Division, 1989-92

EXECUTIVE OFFICERS OF THE REGISTRANT (Continued)

None of the above officers has a family relationship with any other officer or with any director of Dana. There are no arrangements or understandings between any of the above officers and any other person pursuant to which he was elected an officer of Dana. Officers are elected annually at the first meeting of the Board of Directors after the Annual Meeting of Shareholders. The first five officers and Mr. Strobel have employment agreements with the Company.

ITEM 2 - PROPERTIES

Dana owns the majority of the manufacturing facilities and the larger distribution facilities for its Vehicular and Industrial products. A few manufacturing facilities and many of the Company's smaller distribution outlets, service branches, and offices are leased. The facilities, in general, are well-maintained and adapted to the operations for which they are being used, and their productive capacity is adjusted and expanded as required by market and customer growth.

On a geographic basis, Dana's facilities (including those of consolidated subsidiaries and affiliates) are located as follows:

Dana Facilities by Geographic Region

Type of Facility	North America	South America	Europe	Asia/Pacific	Total
Manufacturing	120	24	44	12	200
Distribution	53	14	143	35	245
Service Branches, Offices	90	6	8	13	117
Total	263	44	195	60	562

ITEM 3 - LEGAL PROCEEDINGS

The Company and its consolidated subsidiaries are parties to various pending judicial and administrative proceedings arising in the ordinary course of business. The Company's management and legal counsel have reviewed the probable outcome of these 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 the pending proceedings cannot be predicted with certainty, based on its review, management believes that any 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 in the Company's annual and/or quarterly reports. The Company is a party to the following such proceedings, all of which have been reported previously:

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. Since then, the Company has been engaged in discussions with IDEM about the sampling plan and Notice of Deficiency (which the Company believes imposes obligations beyond the appropriate scope of a RCRA closure) and with USEPA 5 about the proposed penalties. In the third quarter of 1994, the administrative law judge ruled on various pending motions for summary judgment, the effect of which was to retain Dana as a party to the proceeding and to dismiss BRC. In the fourth quarter of 1994, 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 will commence in the first half 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 fourth quarter of 1994.

ITEM 3 - LEGAL PROCEEDINGS (Cont)

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.

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, Warner Electric Brake and Clutch Company, Inc. ("Warner Electric"), and Beaver Precision Products, Inc. ("Beaver"), in the U.S. District Court, Eastern District of Michigan under the federal False Claims Act and various common law theories. The complaint alleged overcharging on eighteen U.S. government contracts or subcontracts awarded to Beaver during 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. However, Dana retained financial responsibility for the majority of the damages alleged in the complaint. Warner Electric and Beaver have now been dismissed as parties to this suit. The government's complaint includes claims both for statutory civil penalties and for damages in the amount of \$8.9 million. The damages, if proven, may be subject either to doubling or trebling or to the accrual of interest. Recently, during ongoing settlement discussions, the government advised the Company that it intends to amend the complaint to increase the damage demand to approximately \$18 million. 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.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote by Dana's security holders during the fiscal fourth quarter.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Dana's common stock is listed on the New York, Pacific, and London Stock Exchanges. On February 16, 1995, there were approximately 25,900 shareholders of record.

Dividends have been paid on the common stock every year since 1936. Quarterly dividends have been paid since 1942.

"Additional Comments - Shareholders' Investment" at page 42 of Dana's 1994 Annual Report is incorporated herein by reference.

ITEM 6 - SELECTED FINANCIAL DATA

"Eleven Year History - Financial Highlights" at page 43 of Dana's 1994 Annual Report is incorporated herein by reference.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Management's Discussion and Analysis of Results" at pages 34-36 of Dana's 1994 Annual Report is incorporated herein by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements, together with the report thereon of Price Waterhouse LLP dated February 12, 1995, at pages 18-34 of Dana's 1994 Annual Report and "Unaudited Quarterly Financial Information" at page 42 of Dana's 1994 Annual Report are incorporated herein by reference.

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

- None -

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding Dana's directors and executive officers is set out in Part I, Item 1 of this Form 10-K and in Dana's Proxy Statement dated March 3, 1995 for the Annual Meeting of Shareholders to be held on April 5, 1995 (the "1995 Proxy Statement"). "Election of Directors" and "Compliance with Section 16(a) of the Exchange Act" from the 1995 Proxy Statement are incorporated by reference.

ITEM 11 - EXECUTIVE COMPENSATION

"The Board and Its Committees" and "Executive Compensation" from Dana's 1995 Proxy Statement are incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

"Stock Ownership" from Dana's 1995 Proxy Statement is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

"Other Transactions" from Dana's 1995 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

	Page in Annual Report
(a) The following documents are incorporated by reference and filed as part of this report:	
(1) Financial Statements:	
Introduction to Financial Section	17
Report of Independent Accountants	18
Consolidated Balance Sheet at December 31, 1993 and 1994	19
Consolidated Statement of Income for each of the three years in the period ended December 31, 1994	20
Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 1994	21
Consolidated Statement of Shareholders' Equity for each of the three years in the period ended December 31, 1994	22
Comments on Financial Statements	23 - 34
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(2) Financial Statement Schedules:	
Report of Independent Accountants on Financial Statement Schedules for the three years ended December 31, 1994	18
Valuation and Qualifying Accounts and Reserves (Schedule VIII)	19 - 22
Supplementary Information - Stock Plans	23 - 25
Supplementary Information - Commitments and Contingencies	26
All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.	
(3) Exhibits - The Exhibits listed in the "Exhibit Index" are filed as a part of this report.	27 - 30
(b) Reports on Form 8-K - None	

Report of Independent Accountants on
Financial Statement Schedules

To the Board of Directors
of Dana Corporation

Our audits of the consolidated financial statements referred to in our report dated February 12, 1995, appearing on page 18 of the 1994 Annual Report to Shareholders of Dana Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of Financial Statement Schedule VIII listed in Item 14(a) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE LLP

Toledo, Ohio
February 12, 1995

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE VIII(a) - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

Year ended -	Balance at beginning of period -----	Additions charged to income -----	Trade accounts receivable "written off" net of recoveries -----	Adjustment arising from change in currency exchange rates and other items -----	Balance at end of period -----
December 31, 1992	\$19,123,000	\$7,629,000	\$(8,826,000)	\$(526,000)	\$17,400,000
December 31, 1993	\$17,400,000	\$7,477,000	\$(7,950,000)	\$(99,000)	\$16,828,000
December 31, 1994	\$16,828,000	\$4,099,000	\$(1,252,000)	\$(29,000)	\$19,646,000

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE VIII(b) - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

ALLOWANCE FOR CREDIT LOSSES - LEASE FINANCING

	Balance at beginning of period -----	Additions charged to income -----	Amounts "written off" net of recoveries -----	Adjustments arising from the change in currency exchange rates and other items -----	Balance at end of period -----
Year ended -					
December 31, 1992	\$44,413,000	\$19,520,000	\$(22,250,000)	\$(570,000)	\$41,113,000
December 31, 1993	\$41,113,000	\$12,049,000	\$(14,796,000)	\$(126,000)	\$38,240,000
December 31, 1994	\$38,240,000	\$13,895,000	\$(11,421,000)	\$ 75,000	\$40,789,000

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE VIII(c) - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

ALLOWANCE FOR LOAN LOSSES

Year ended -	Balance at beginning of period -----	Additions charged to income -----	Amounts "written off" net of recoveries -----	Acquisitions and other items -----	Balance at end of period -----
December 31, 1992	\$ 9,100,000	\$ 9,234,000	\$ (505,000)	\$8,989,000(1)	\$26,818,000
December 31, 1993	\$26,818,000	\$(1,848,000)(2)	\$(10,544,000)	\$ 96,000	\$14,522,000
December 31, 1994	\$14,522,000	\$(2,548,000)	\$ (6,088,000)	\$ (247,000)(3)	\$ 5,639,000

(1) Includes allowances on loans retained subsequent to the sale of Diamond Savings and Loan Company (DSL). These allowances were classified within "Subsidiary Held for Sale at December 31, 1991".

(2) Includes \$4,255,000 reversal of reserves provided in prior years.

(3) Includes \$201,000 transferred to valuation allowance on real estate.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE VIII(d) - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

VALUATION ALLOWANCE - REAL ESTATE

Year ended -	Balance at beginning of period -----	Additions charged to income -----	Amounts "written off" net of recoveries -----	Acquisitions and other items -----	Balance at end of period -----
December 31, 1992	\$24,689,000	\$20,009,000	\$(6,105,000)	\$ 3,989,000(1)	\$42,582,000
December 31, 1993	\$42,582,000	\$10,743,000	\$(14,509,000)	\$ 2,238,000(2)	\$41,054,000
December 31, 1994	\$41,054,000	\$10,337,000	\$(12,699,000)	\$ 226,000(3)	\$38,918,000

(1) Includes allowances on real estate retained subsequent to the sale of DSL. These allowances were classified within "Subsidiary Held for Sale at December 31, 1991".

(2) Includes reduction of \$3,560,000 relating to real estate transferred to a partnership classified as an equity investment and an increase of \$5,798,000 due to a reclassification from Investment Held for Sale - (DSL).

(3) Includes \$201,000 transferred from allowance for loan losses.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

EMPLOYEE STOCK OPTION PLANS

The Company has in effect two stock option plans for employees which were approved by the shareholders in 1977 and 1982. The 1977 Plan was amended in 1981, 1986, 1990 and 1994. The 1982 Plan was amended with shareholder approval in 1988 and 1993. These plans authorize the grant of options and/or stock appreciation rights ("SARs") to key employees to purchase 6,000,000 and 11,900,000 shares, respectively, of common stock at exercise prices no less than 85% of the market value of such stock at date of grant; the exercise periods may extend for no more than ten years from date of grant. All options and SARs granted to date under these two plans have been granted at 100% of the market value of the Company's common stock at the date of grant.

The number of shares above and all references below to the number of shares and per share prices have been adjusted for all stock dividends and distributions subsequent to the dates the plans were approved by the shareholders, including the June 1, 1994 two-for-one stock split.

The number of shares subject to options (by year of grant) at December 31, 1994, and the exercise prices per share were as follows:

	Number of Shares -----	Average Price Per Share -----	Total -----
Year granted -			
1985	20,500	\$12.94	\$ 265,200
1986	124,328	15.78	1,962,100
1987	133,200	23.44	3,121,900
1988	226,302	18.75	4,243,200
1989	158,550	21.06	3,338,500
1990	363,304	18.25	6,630,300
1991	283,500	16.37	4,642,300
1992	1,046,269	20.16	21,088,900
1993	709,500	27.56	19,555,600
1994	1,045,950	29.06	30,397,900
	----- 4,111,403 =====		----- \$95,245,900 =====

At December 31, 1994, there were 5,551,606 shares available for future grants under the 1982 Plan, as amended. No shares have been available for grants under the 1977 Plan since 1987, and there were no SARs outstanding at December 31, 1994.

Options becoming exercisable and options exercised, their exercise prices and their market prices during the three years ended December 31, 1994, under these plans were as follows:

	No. of Shares	Exercise Price		Market Price	
		Avg. Per Share	Aggregate	Avg. Per Share	Aggregate
Options becoming exercisable (Market prices at dates exercisable):					
Year ended December 31,					
1992	496,024	\$18.49	\$ 9,172,000	\$20.59	\$10,211,000
1993	667,124	19.21	12,817,000	26.80	17,878,000
1994	668,968	21.28	14,236,000	28.89	19,329,000
Options exercised (Market prices at dates exercised):					
Year ended December 31,					
1992	600,418	\$10.92	\$ 6,554,000	\$17.26	\$10,363,000
1993	810,736	15.47	12,541,000	24.03	19,483,000
1994	309,915	17.13	5,309,000	28.74	8,906,000

The amount by which proceeds exceeded the par value of shares issued under options was credited to additional paid-in capital. No amounts were charged against income either at the time of granting options or issuing shares.

The following table sets forth (1) the aggregate number of shares of the Company's common stock subject at December 31, 1994, to outstanding options, (2) the average exercise prices per share of such options, (3) the aggregate exercise prices of such options, (4) the ranges of expiration dates of such options, and (5) the aggregate market values of such shares at February 16, 1995, based on \$23.63 per share, the closing sales price in the New York Stock Exchange Composite Transactions Index as reported in The Wall Street Journal:

	Aggregate No. of Shares Covered By Outstanding Options	Average Exercise Price Per Share	Aggregate Exercise Price	Range of Expiration Dates	Aggregate Market Value at February 16, 1995
1977 Amended Plan	239,350	\$19.94	\$ 4,772,900	7/15/95 to 7/13/97	\$ 5,655,800
1982 Amended Plan	3,872,053	\$23.37	\$90,473,000	7/15/95 to 7/18/04	\$91,496,600

At December 31, 1994, 1,221 employees of the Company and its subsidiaries and affiliates held exercisable options under the Company's stock option plans, consisting of 208 employees under the 1977 Amended Plan and 1,013 employees (some of whom also held options under the 1977 Amended Plan) under the 1982 Amended Plan.

EMPLOYEES' STOCK PURCHASE PLAN

With respect to the Company's Amended Employees' Stock Purchase Plan, as of December 31, 1994, 29,700 employees of the Company and its subsidiaries were eligible to participate. Of such employees, 8,900 were participating at December 31, 1994.

NON-EMPLOYEE DIRECTORS' STOCK OPTION PLAN

In 1993, the shareholders approved a stock option plan for non-employee Directors of the Company. The plan provides for the granting of options to purchase the Company's common stock at prices equal to the market value of the stock at the date of grant. The options are exercisable after one year for a period not to exceed ten years from the date of grant. In 1993 and 1994, options were granted for 21,000 shares each year at per share exercise prices of \$24.25 in 1993 and \$28.88 in 1994. These options expire 4/19/03 and 4/18/04. During 1994, 3,000 options were exercised at an aggregate exercise price of \$72,800 and had an aggregate market price at date of exercise of \$87,800. At December 31, 1994, 39,000 options were outstanding, 21,000 options were exercisable and there were 88,000 options available for future grant. The 21,000 options which became exercisable during 1994 had an aggregate exercise price of \$509,300 and an aggregate market price at date of exercisability of \$589,300. As of February 16, 1995, the aggregate exercise price of the 39,000 options outstanding under the Plan was \$1,042,900 and the aggregate market value of those options was \$921,600.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

As discussed on page 29 of the 1994 Annual Report under the comments on "Commitments and Contingencies," the Company and its consolidated subsidiaries are parties to various legal proceedings (judicial and administrative) arising in the normal course of business, including proceedings which involve environmental and products liability claims.

With respect to environmental claims, the Company is involved in investigative and/or remedial efforts at a number of locations, including "on-site" activities at currently or formerly owned facilities and "off-site" activities at Superfund sites where the Company has been named as a potentially responsible party. "Environmental Compliance and Remediation" at page 29 of Dana's 1994 Annual Report and "Management's Discussion and Analysis of Results" at pages 34 and 35 of Dana's 1994 Annual Report are incorporated herein by reference.

With respect to product liability claims, from time to time the Company is named in proceedings involving alleged defects in its products. Currently included in such proceedings are a large number of claims (most of which are relatively small) based on alleged asbestos-related personal injuries. At December 31, 1994, approximately 19,100 such claims were outstanding, of which approximately 8,000 were subject to pending settlement agreements. The Company has agreements with its insurance carriers providing for the payment of substantially all of the indemnity costs and the legal and administrative expenses for these claims. The Company is also a party to a small number of asbestos-related property damage proceedings. The Company's insurance carriers are paying the major portion of the defense costs in connection with such cases, and the Company has incurred no indemnity costs to date. "Management's Discussion and Analysis of Results" at pages 34 and 35 of Dana's 1994 Annual Report is incorporated herein by reference.

EXHIBIT INDEX

EXHIBIT -----	PAGE NO. -----
3-A	Restated Articles of Incorporation, amended effective June 1, 1994 (filed by reference to Exhibit 4 to Registrant's Form 8 - A/A, Amendment No. 3, filed on October 4, 1994)
3-B	Restated By-Laws of Registrant, effective November 1, 1994
4-A	Specimen Single Denomination Stock Certificate of Registrant (filed by reference to Exhibit 4 to Registrant's Registration Statement No. 33-47863 on Form S-3, filed on May 13, 1992) No class of long-term debt of Registrant exceeds 10% of Registrant's total assets. Registrant agrees to furnish copies of agreements defining the rights of debt holders to the Securities and Exchange Commission upon request.
4-B	Rights Agreement, dated as of July 14, 1986, between Registrant and Chemical Bank (successor to Manufacturers Hanover Trust Company), Rights Agent (filed by reference to Exhibit 1 to Registrant's Form 8-K dated July 18, 1986)
4-C	Amendment to Rights Agreement, dated as of December 12, 1988, between Registrant and Chemical Bank (successor to Manufacturers Hanover Trust Company), Rights Agent (filed by reference to Exhibit 1 to Registrant's Form 8-K dated December 12, 1988)
10-A	Additional Compensation Plan, amended effective May 1, 1991 (filed by reference to Exhibit 10-A to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-D(1)	1977 Incentive Stock Option Plan, as amended (filed by reference to Exhibit 1-D to Registration Statement No. 2-60466 filed December 13, 1977 and to Registrant's Proxy Statement for its Annual Meeting of Shareholders held on December 3, 1980)
10-D(2)	Amendment to 1977 Incentive Stock Option Plan, dated December 15, 1986 (filed by reference to Exhibit 10-D(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1986)
10-D(3)	Amendment to 1977 Incentive Stock Option Plan, dated December 10, 1990 (filed by reference to Exhibit 10-D(3) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
10-D(4)	Fourth Amendment to 1977 Incentive Stock Option Plan, dated December 12, 1994
10-E	1982 Amended Stock Option Plan (filed by reference to Exhibit A to Registrant's Proxy Statement for its Annual Meeting of Shareholders held on April 7, 1993)

EXHIBIT INDEX (Continued)

EXHIBIT	PAGE NO. -----
10-F	Excess Benefits Plan, amended effective January 29, 1993 (filed by reference to Exhibit 10-F to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-G	Dana Corporation Retirement Plan, amended and restated as of December 13, 1994
10-H	Directors Retirement Plan, amended effective January 26, 1993 (filed by reference to Exhibit 10-H to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-I(1)	Director Deferred Fee Plan, amended effective October 28, 1992
10-I(2)	Trust Agreement between Registrant and Society Bank and Trust dated October 18, 1993, under which Messrs. Bailar, Carpenter, Fridholm, Hiner, Stevenson and Sumner are each, and separately, beneficiaries
10-J(6)	Employment Agreement between Registrant and Southwood J. Morcott, dated December 14, 1992 (filed by reference to Exhibit 10-J(6) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-J(7)	Employment Agreement between Registrant and Martin J. Strobel, dated December 14, 1992 (filed by reference to Exhibit 10-J(7) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-J(8)	Employment Agreement between Registrant and Carl H. Hirsch, dated December 14, 1992 (filed by reference to Exhibit 10-J(8) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-J(10)	Employment Agreement between Registrant and James E. Ayers, dated December 14, 1992 (filed by reference to Exhibit 10-J(10) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-J(11)	Employment Agreement between Registrant and Borge R. Reimer, dated December 14, 1992 (filed by reference to Exhibit 10-J(11) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-J(12)	Employment Agreement between Registrant and Joe M. Magliochetti, dated December 14, 1992 (filed by reference to Exhibit 10-J(12) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

EXHIBIT INDEX (Continued)

EXHIBIT -----	PAGE NO. -----
10-J(13)	Collateral Assignment Split-Dollar Insurance Agreement for Universal Life Policies between Registrant and Southwood J. Morcott, dated April 18, 1989. Messrs. Reimer, Hirsch, Ayers and Magliochetti have substantially identical Agreements. (Filed by reference to Exhibit 10-J(13) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10-K	Supplemental Benefits Plan, amended effective January 29, 1993 (filed by reference to Exhibit 10-K to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993)
10-L(1)	1989 Restricted Stock Plan (filed by reference to Exhibit A of the Registrant's Proxy Statement for its Annual Meeting of Shareholders held on April 5, 1989)
10-L(2)	First Amendment to 1989 Restricted Stock Plan, adopted December 10, 1990 (filed by reference to Exhibit 10-L(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
10-L(3)	Second Amendment to 1989 Restricted Stock Plan, adopted October 18, 1993 (filed by reference to Exhibit 10-L(3) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993)
10-M	Directors' Stock Option Plan (filed by reference to Exhibit B to Registrant's Proxy Statement for its Annual Meeting of Shareholders held on April 7, 1993)
10-M(1)	First Amendment to Directors' Stock Option Plan, adopted April 18, 1994
13	The following sections of the 1994 Annual Report to Shareholders: Business Segments (at pages 31-33 of the Annual Report) Statement of Cash Flows (at page 21 of the Annual Report) Environmental Compliance and Remediation (at page 29 of the Annual Report) Additional Comments - Shareholders' Investment (at page 42 of the Annual Report) Eleven Year History - Financial Highlights (at page 43 of the Annual Report) Management's Discussion and Analysis of Result (at pages 34-36 of the Annual Report)

EXHIBIT INDEX (Continued)

EXHIBIT -----	PAGE NO. -----
13	Introduction to Financial Section, Financial Statements and Independent Accountants' Report(at pages 17-34 of the Annual Report) Unaudited Quarterly Financial Information (at page 42 of the Annual Report)
21	List of Subsidiaries of Registrant
23	Consent of Price Waterhouse LLP
24	Power of Attorney
27	Financial Data Schedule

Note: Exhibits 10-A through 10-M are management contracts or compensatory plans required to be filed as exhibits to this Form 10-K pursuant to Item 14(c) of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DANA CORPORATION

(Registrant)

Date: March 10, 1995

By: Martin J. Strobel

Martin J. Strobel, Vice President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Date: March 10, 1995

Southwood J. Morcott

Southwood J. Morcott, Chairman of the Board of Directors, Chief Executive Officer, President and Chief Operating Officer

Date: March 10, 1995

James E. Ayers

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

Date: March 10, 1995

Charles W. Hinde

Charles W. Hinde, Chief Accounting Officer, Vice President and Assistant Treasurer

Date: March 10, 1995

* B. F. Bailar

B. F. Bailar, Director

Date: March 10, 1995

* E. M. Carpenter

E. M. Carpenter, Director

Date: March 10, 1995

* E. Clark

E. Clark, Director

Date: March 10, 1995

* R. T. Fridholm

R. T. Fridholm, Director

Date: March 10, 1995

* G. H. Hiner

G. H. Hiner, Director

SIGNATURES (Continued)

Date: March 10, 1995

* M. R. Marks

M. R. Marks, Director

Date: March 10, 1995

* J. D. Stevenson

J. D. Stevenson, Director

Date: March 10, 1995

* T. B. Sumner, Jr

T. B. Sumner, Jr., Director

*By: Martin J. Strobel

Martin J. Strobel, Attorney-in-Fact

RESTATED BY-LAWS
OF
DANA CORPORATION

(EFFECTIVE NOVEMBER 1, 1994)

ARTICLE I

STOCKHOLDERS' MEETING

Section 1. Place of Meetings: All meetings of the Stockholders shall be held at the place designated by the Board of Directors.

Section 2. Annual Meeting: The Annual Meeting of the Stockholders of the Corporation shall be held on the first Wednesday in April, 1982, and the first Wednesday in April each year thereafter, in each year, if not a legal holiday, and if a legal holiday, then on the next business day, for the election of Directors and for the transaction of such other business as may be properly brought before the meeting.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number: The number of Directors shall be nine. The number of directors shall be fixed from time to time by the Board of Directors, and only by the Board, pursuant to a resolution adopted by a majority of the entire Board of Directors amending the By-Laws.

Section 2. Meetings and Notice: Regular meetings of the Board of Directors shall be held at such places and times as the Board by vote may determine from time to time, and if so determined no notice thereof need be given except that notice shall be given to all Directors of any change made in the time or place. Special meetings of the Board of Directors may be held at any time or place whenever called by the Chairman of the Board of Directors, the President, the Secretary or three or more Directors. Notice of special meetings, stating the time and place thereof, shall be given by mailing it to each Director at his residence or business address at least five days before the meeting, or by delivering it to him personally or telephoning or telegraphing it to him at his residence or business address at least two days before the meeting.

Section 3. Except as otherwise required by law, any newly created Directorships resulting from an increase in the authorized number of directors and any vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the directors then serving, and directors so chosen shall hold office for a term expiring at the next Annual Meeting of Shareholders.

Section 4. Notice Period for Nominations to the Board of Directors: Nominations to the Board of Directors, other than those made pursuant to Article II, Section 3, or Article III, Section 5 and other than for incumbent Directors shall be presented by Stockholders in writing to the Secretary on a business day not less than seventy days before the Annual Meeting of Shareholders. Said notice shall contain: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a Director, (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Corporation which are beneficially owned by such person and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected) and (b) as to the stockholder giving the notice, (i) the name and address, as they appear on the Corporation's books of such stockholder and (ii) the class and number of shares of the Corporation which are beneficially owned by such stockholder. No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the procedures set forth in these By-Laws. The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the By-Laws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

ARTICLE III

Committees

Section 1. Establishment of Committees: The Board may designate one or more committees, each committee to include two or more of the Directors of the Corporation.

Section 2. Audit Committee: The Audit Committee shall have primary responsibility for maintaining contact with the Corporation's independent certified public accountants and the Corporation's personnel to satisfy itself (a) that appropriate audit programs and procedures are maintained and (b) that the public accountants discharge their responsibility with thoroughness and dispatch. The Audit Committee shall make such recommendations to the Board of Directors as it deems necessary.

The Audit Committee shall be composed of directors who are not employees of the Corporation.

Section 3. Compensation Committee: The Compensation Committee shall be responsible for recommending total compensation for officers of the Corporation to the Board of Directors, for reviewing general plans of compensation for the officers and management personnel and for reviewing and approving proposed awards of additional compensation and stock options.

Through their own knowledge and with the help of such consultants, outside agencies and generally accepted national and international guidelines as they deem advisable, the Committee members shall endeavor at all times to maintain the compensation of officers and management personnel at levels appropriate for the size and nature of the Corporation and the responsibilities of the persons involved.

The Compensation Committee shall be composed of Directors who are not employees of the Corporation.

Section 4. Finance Committee: The Finance Committee shall have the primary responsibility for reviewing long-range world-wide needs for capital and considering the financial state of affairs and shall recommend courses of action to insure the continued liquidity of the Corporation.

It shall also review major corporate expenditures including, but not limited to, fixed capital, working capital and acquisitions. It shall report to the Board of Directors its opinions concerning these major expenditures.

The Committee shall be composed of Directors and such employees of the Corporation, including members ex-officio, as shall be recommended by the chairman of the Committee and approved by the Board of Directors.

Section 5. Advisory Committee: The purpose of this Committee is to advise the Chairman and the Board on matters of directors, board meetings, board committees and miscellaneous director related items.

Under the heading of "Directors," things to be considered should be the required background of a director, the number of directors, the names of new directors to be considered for possible board membership, as well as compensation of board members.

Under "Meetings," we should consider the number of meetings per year, the location, the length, what day of the week, as well as items requested to be covered in the meetings.

Under "Committees," we should consider which committees are needed to be in tune with the times, as well as the size of the committees, the number of people on a committee and the rotation of members.

Finally, under "Miscellaneous," we should consider how to bring to the attention of the Chairman, as well as the Board, items which directors would like to discuss but, because of the time pressure or for whatever reason, these items might not be felt important enough to be discussed during a board meeting.

Section 6. Funds Committee: The Funds Committee shall audit (without making any investment decisions or giving investment advice) the activities of those who have the responsibility of managing the various pension and other employee benefit funds of the Corporation. The Committee shall also monitor operations of the investment managers to assure compliance with rules and regulations regarding management of pension funds and other employee benefit funds.

ARTICLE IV

Officers

Section 1. Titles and Election: The Board of Directors shall elect a Chairman of the Board of Directors, a President and such other officers as shall be required or deemed appropriate. Each officer shall hold office until the meeting of the Board following the next annual meeting of the stockholders or until a successor shall have been elected and qualified or until death, resignation or removal as hereinafter provided in these By-Laws.

Section 2. Eligibility: The Chairman of the Board of Directors and the President shall be Directors of the Corporation. Any person may hold more than one office but no one person shall, at the same time, hold the offices of President and Secretary.

Section 3. Resignations: Any Director or officer of the Corporation may resign at any time by giving written notice to the Board of Directors or to the Chairman of the Board, the President or the Secretary, and any member of any committee may resign by giving written notice either as aforesaid or to the Chairman or Secretary of the Committee of which he is a member. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies: A vacancy in any office whether arising from death, resignation, removal or any other cause, may be filled for the unexpired portion of the term of such office in the manner prescribed in these By-Laws for the regular election or appointment to such office.

Section 5. Chairman of the Board of Directors: The Chairman of the Board shall preside at all meetings of the Board of Directors. He shall perform all duties incident to the office of Chairman of the Board and such other duties as may be from time to time assigned to him by the Board.

Section 6. President: The President shall perform the duties of the Chairman during his absence and shall perform all duties incident to the office of the President and such other duties as may be assigned to him by the Board of Directors.

Section 7. Chief Executive Officer: The Chief Executive Officer of the Corporation shall be responsible for the general management of the Corporation. He shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be assigned to him by the Board of Directors.

Section 8. President-North American Operations: The President-North American Operations shall direct the North American Operations of the Corporation and shall perform such other duties as may be assigned to him by the Chairman or the Board of Directors.

Section 9. Officers: Any two Executive Vice Presidents, or the President-North American Operations together with any Executive Vice President, shall perform the duties and have the powers of the President during the absence of the President and the Chairman of the Board of Directors. The Vice Presidents shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

Section 10. Secretary: The Secretary shall keep accurate minutes of all meetings of the Stockholders, the Board of Directors and the Executive Committee, respectively, shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. In his absence an Assistant Secretary shall perform his duties.

Section 11. Execution of Deeds and Contracts: The Chairman of the Board, the President, the Presidents of North American, South American, European and Asia/Pacific Operations or any Vice President shall have the power to enter into, sign either manually or through facsimile, execute and deliver in the name of the Corporation, powers of attorney, contracts, deeds and other obligations of the Corporation.

Section 12. Guarantees: The giving by the Corporation or any subsidiary of any guarantee (or other similar obligation) of any other corporation or persons shall be approved by the Corporation's Board of Directors except that between meetings of the Board of Directors, the Chairman of the Board, the President or the Vice President-Finance may approve guarantees of indebtedness not previously reported to the Board of Directors, up to an aggregate amount of Five Million Dollars (\$5,000,000).

Section 13. Delegation of Authority: The Chairman of the Board, the President, the Presidents of North American, South American, European and Asia/Pacific Operations or any Vice President of the Corporation may by written special power of attorney, attested to by the Secretary or any Assistant Secretary of the Corporation, delegate the authority to enter into, sign, execute and deliver deeds and contracts to any other officer, employee or attorney-in-fact of the Corporation.

ARTICLE V

Indemnification

The Corporation shall defend, indemnify and hold harmless any present, past or future director, officer or employee who acts or acted at the request or direction of the corporation in a fiduciary capacity for an employee benefit plan, against all claims, liabilities and expenses actually and reasonably incurred or imposed on him in connection with any civil, criminal or administrative action, suit or proceeding, or settlement or compromise thereof, in which he is made or threatened to be made a party by reason of being or having been or because of any act or omission as a fiduciary with respect to any employee benefit

plan sponsored by the corporation, or to which the corporation makes contributions for employees (including without limitation jointly trustee Taft-Hartley Funds), except in relation to matters as to which he is finally adjudged in such action, suit or proceeding, to be liable due to his own gross negligence, willful misconduct or lack of good faith in the performance of any obligation, duty or responsibility imposed on him as a plan fiduciary. The right to be defended, indemnified, and held harmless herein shall extend to the estate, executor, administrator, guardian, conservator and heirs of such director, officers, or employee who himself would have been entitled thereto. Such rights shall not be deemed exclusive of any other rights to which such director, officer, or employee may be entitled under any by-law, agreement, vote of shareholder, or otherwise.

The Corporation is also authorized to purchase out of corporate assets insurance on behalf of any director, officer or employee of the corporation who at the request or direction of the corporation acts or acted as a fiduciary with respect to any employee benefit plan sponsored by the corporation or to which the corporation makes contributions for employees, which insures against any expenses and liability asserted against him and incurred by him in such capacity or arising out of any acts or omissions in such capacity, whether or not the corporation would have the power to defend, indemnify and hold him harmless against such expenses and liability under applicable law. Notwithstanding any provision herein to the contrary, the right to be defended, indemnified and held harmless, set forth in the immediately preceding paragraph, shall not apply to any liability to the extent the fiduciary is indemnified, defended, and held harmless under an insurance policy or other defense, indemnification or hold harmless agreement or provision.

The aforementioned provisions with respect to defense and indemnification of any liability insurance for plan fiduciaries shall include without limitation any director, officer or employee who is found to be a fiduciary under the Employee Retirement Income Security Act of 1974 with respect to the above-referenced plans notwithstanding the absence of a specific designation of such person as a plan fiduciary.

In addition, the corporation shall indemnify against any loss, liability, damage and expenses: (i) its employees with respect to their acts or omissions as employees, and (ii) its directors, officers and employees with respect to their service on the board of any other company at the request of the corporation and may by written agreement indemnify any such person or any other person whom the corporation may indemnify under the Indemnification

Provisions of the Virginia Corporation Law as now in effect or as hereafter amended to the full extent permissible under and consistent with such provisions. The right of indemnification provided in this Article shall not be deemed exclusive of any other rights to which such director, officer, employee or other person may be entitled, apart from this Article V.

ARTICLE VI

Voting of Stock Held

The Chairman of the Board, the President, and Executive Vice President or the Secretary may attend any meeting of the holders of stock or other securities of any other corporation any of whose stock or securities may be held by this Corporation, and in the name and on behalf of this Corporation thereat vote or exercise any or all other powers of this Corporation as the holder of such stock or other securities of such other corporation. Unless otherwise provided by vote of the Board of Directors, the Chairman of the Board, the President, any Executive Vice President or the Secretary may from time to time appoint any attorney or attorneys or agent or agents of this Corporation in the name and on behalf of this Corporation to cast the votes which this Corporation may be entitled to cast as a stockholder or otherwise at meetings of the holders of stock or other securities of any such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or acting upon such matters as may come before the meeting, and may execute or cause to be executed on behalf of this Corporation and under its corporate seal or otherwise such written proxies, consents, waivers or other instruments as he may deem necessary or proper in the premises.

ARTICLE VII

Lost Stock Certificates

Any stockholder claiming a certificate of stock to have been lost or destroyed shall furnish the Corporation with an affidavit as to the facts relating to such loss or destruction and if such affidavit shall in the opinion of the Chairman of the Board, the President, any Executive Vice President or the Secretary of the Corporation be satisfactory, and upon the giving of a bond without limit as to amount with surety and in form approved by the

Chairman of the Board, the President, any Executive Vice President or the Secretary of the Corporation, to protect the Corporation or any person injured by the issue of a new certificate from any liability or expense which it or they may incur by reason of the original certificate remaining outstanding, shall be entitled to have a new certificate issued in the place of the certificate alleged to have been lost or destroyed.

ARTICLE VIII

Seal

The Board of Directors shall provide a suitable corporate seal, which shall be kept in the custody of the Secretary, to be used as directed by the Board of Directors.

ARTICLE IX

Restrictions on Transfer

To the extent that the Rights Agreement, dated as of July 14, 1986, between the Corporation and Manufacturers Hanover Trust Company, may be deemed to impose restrictions on the transfer of the securities of the Corporation, such restrictions on transfer are hereby authorized.

FOURTH AMENDMENT TO THE DANA CORPORATION
1977 INCENTIVE STOCK OPTION PLAN

Pursuant to Resolutions of the Board of Directors of the Corporation adopted on December 12, 1994, the Dana Corporation 1977 Incentive Stock Option Plan (the "Plan") is hereby amended, effective December 12, 1994, as follows:

1. Amend the second sentence of the last paragraph of Section 7 to read in its entirety as follows:

"An option may be exercised no more than ten years after the date of grant by giving written notice of exercise to the Corporation specifying the number of shares to be purchased and by paying the purchase price in full in cash or, with the approval of the Committee, in Common Stock of the Corporation ("Stock") or any combination of cash and Stock in an amount determined by the fair market value (as determined under Section 5) of the Stock on the date of exercise, payable no later than ten days following the exercise of the option, and provided, further, that any Stock so tendered in payment must have been held by the optionee for a period of not less than six (6) months prior to such tender in payment."

THE DANA CORPORATION
RETIREMENT PLAN

AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 1994

THE DANA CORPORATION RETIREMENT PLAN

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THE DANA CORPORATION RETIREMENT PLAN

INTRODUCTION

Dana Corporation established the Dana Corporation Retirement Income Plan as of January 1, 1942, as a tax-qualified defined benefit plan. The Plan was amended from time to time after it was established.

As of July 1, 1988, Dana Corporation amended the Plan to convert its benefit formula to a cash balance formula. The Plan was restated as the Dana Corporation Retirement Plan; the unofficial name of the Plan is "CashPlus." Transition benefits and other special rules for individuals who were covered by the Plan at the time of its conversion are set forth in Part I of Appendix E.

Since July 1, 1988, Dana Corporation has merged a number of its other tax-qualified defined benefit plans into the Plan. The effective dates of the mergers, and special transition benefits and other rules for individuals who were covered by the merged plans, are set forth in Part II of Appendix E. Part III of Appendix E sets forth special rules for certain individuals who were affected by the sale of the Williams Air Controls division.

The Plan is hereby amended and restated to incorporate amendments adopted since the last restatement and to make certain other changes. This restatement of the Plan shall be effective as of January 1, 1994, except to the extent that particular provisions of the Plan (including the schedule of effective dates that appears in Appendix J) specify different effective dates. Except where the Plan expressly provides otherwise, the rights to benefits of any Participant whose employment terminated prior to the effective date of a particular provision shall be determined solely by the provisions of the Plan as in effect at the time of the Participant's termination.

ARTICLE I
DEFINITIONS

The following terms, as used in the Plan, shall have the following meanings unless a different meaning is plainly required by the context.

- 1.01 "ACCOUNT" means the present value of an Employee's or Former Employee's undistributed accrued benefit or projected benefit under the Plan. "Account" may also include the present value of certain undistributed ancillary benefits that are not part of the Employee's or Former Employee's accrued benefit or projected benefit. The present value of each Employee's or Former Employee's undistributed benefit under the Plan shall be expressed as the balance of one or more of the following Accounts:
- A. "ACCRUED BENEFIT ACCOUNT" means the present value of the Employee's or Former Employee's accrued benefit under the Plan as of the Adoption Date, determined in accordance with Appendix E, and the present value of any increase in such benefit that occurs on or after such Adoption Date.
 - B. "SUPPLEMENTAL BENEFIT ACCOUNT" means the present value of the Employee's or Former Employee's projected benefit under the Plan as of the Adoption Date, determined in accordance with Appendix E, and the present value of any increase in such benefit that occurs on or after such Adoption Date.
 - C. "FUTURE SERVICE ACCOUNT" means the present value of the benefit that the Employee or Former Employee has accrued under the Plan since the Adoption Date (or, if later, since the date on which he first became a Participant), determined in accordance with Section 3.01 B., and the present value of any increase in such benefit determined in accordance with Section 3.01 C.
 - D. "EARNED BENEFIT ACCOUNT" means the sum of (1) the Employee's or Former Employee's Accrued Benefit Account, and (2) the Employee's or Former Employee's Future Service Account, and (3) the product of (a) the Employee's or Former Employee's Supplemental Benefit Account times (b) the ratio specified in Appendix E.
 - E. "ANCILLARY BENEFIT ACCOUNT" means the present value of the Employee's or Former Employee's ancillary benefit under the Plan as of the Adoption Date, determined in accordance with Appendix E, and the present value of any increase in such benefit that occurs on or after such Adoption Date.
- 1.02 "ACTUARIALLY ADJUSTED" means converted to a benefit that is of equivalent value to

another benefit based upon the factors set forth in Appendix C.

- 1.03 "ADOPTION DATE" means the date specified in Appendix E as of which an Employer adopted the Plan.
- 1.04 "BENEFIT COMMENCEMENT DATE" means the first day of the first period for which an amount is paid as an annuity or in any other form.
- 1.05 "BREAK IN SERVICE" means a Plan Year during which an individual is not at any time an employee or leased employee of the Company. For the purpose of measuring a Break in Service, an individual's employment with the Company shall not be deemed to have terminated during any period in which he is accruing a benefit under the Plan pursuant to Section 3.02; during any period for which he is credited with vesting service under the Plan pursuant to Section 1.27; during any period to the extent required by the Family and Medical Leave Act of 1993; or during any period of parental leave to the extent required by the Internal Revenue Code and applicable Treasury regulations.
- 1.06 "COMMITTEE" means the Investment Committee of Dana Corporation.
- 1.07 "COMPANY" means Dana Corporation, a corporation organized under the laws of the Commonwealth of Virginia, and any subsidiary or affiliate that is required to be aggregated with Dana Corporation pursuant to Section 414(b), Section 414(c), Section 414(m), or Section 414(o) of the Code.
- 1.08 "CODE" means the Internal Revenue Code of 1986, as amended from time to time.
- 1.09 "CREDITED SERVICE" means a Participant's Vesting Service, except to the extent otherwise provided in Section 1.27 or in this Section 1.09. Credited Service shall also include a Participant's periods of temporary layoff and leaves of absence to the extent determined by the Company in a manner that precludes individual selection among employees. "Credited Service" shall not include service that is disregarded pursuant to Section 3.03 of the Plan. "Credited Service" shall not include service that an individual completed while he was a leased employee and was ineligible to participate in the Plan.
- 1.10 "EARNINGS" means an Employee's basic salary paid by an Employer in any Plan Year (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), plus overtime, bonuses, and incentive payments paid by an Employer in any Plan Year, but not to exceed the limit in effect for the Plan Year under Section 401(a)(17) of the Code. "Earnings" shall not include any amount paid to an Employee by reason of his participation in any employee benefit plan of the Company.
- 1.11 "EMPLOYEE" means any salaried employee and any Part-Time Employee of an Employer if such salaried employee or Part-Time Employee is identified as office-clerical,

technical, production, professional, supervisory, managerial, or administrative; except that "Employee" shall not include any of the following:

- A. an individual covered by a collective bargaining agreement entered into by the Company (unless such agreement, by specific reference to the Plan, provides for coverage under the Plan); or
- B. an individual who is eligible to accrue a benefit under any other tax-qualified defined benefit plan of an Employer, or who is eligible to receive a nonelective employer contribution (other than a matching contribution) under any tax-qualified defined contribution plan of an Employer; or
- C. an individual whose basic compensation for services on behalf of an Employer is paid by an individual or entity other than the Company; or
- D. a Part-Time Employee who has not completed 1,000 Hours of Service during the 12-month period beginning on his original date of hire or during any Plan Year; or
- E. an individual who works for an Employer under the Employer's college cooperative education program; or
- F. an individual leased by an Employer who must be treated as an employee of the Employer by virtue of Section 414(n) of the Code; or
- G. a non-resident alien who receives no U.S.-source earned income from an Employer, unless the individual has been designated on a list maintained by the Plan Administrator as a "Key Local National" or a "Third Country National," in accordance with Appendix F; or
- H. an individual employed at a facility that is established or acquired by an Employer after the Employer's Adoption Date, unless Appendix E is amended to extend coverage under the Plan to such facility.

An individual shall be treated as an "Employee" to the extent required by the Family and Medical Leave Act of 1993.

- 1.12 "EMPLOYER" means any facility, division, subsidiary, or affiliate of Dana Corporation identified in Appendix E as an employer that has adopted the Plan. An entity described in the preceding sentence shall cease to be an "Employer" when it withdraws from participation in the Plan, or when it ceases to be part of the Company. "Employer" also includes certain foreign affiliates; but any foreign affiliate shall be considered an "Employer" only while it is identified as such in Appendix F, and only with respect to its employees who are Participants as provided in Appendix F.

- 1.13 "ENTRY DATE" means January 1 or July 1.
- 1.14 "FORMER EMPLOYEE" means a Participant who has ceased to be an Employee and who has a vested accrued benefit under the Plan, but who has not yet received or begun to receive a benefit under the Plan.
- 1.15 "FUND" means the trust fund or funds established and maintained under the Plan, or the monies held under one or more insurance contracts established and maintained under the Plan.
- 1.16 "HOUR OF SERVICE" means each of the following, counted without duplication:
- A. each hour for which a Part-Time Employee is paid, or entitled to payment, for the performance of duties for the Company, and
 - B. each hour for which a Part-Time Employee is paid, or entitled to payment, by the Company for a period of time during which the Part-Time Employee performs no duties (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence, and
 - C. each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company.
- To the extent not otherwise included, "Hour of Service" also shall include each hour required to be included by the Family and Medical Leave Act of 1993. Hours credited pursuant to the preceding sentence shall not be treated as "Hours of Service" under Section 3.01 B. or 12.01 C. of the Plan.
- This Section 1.16 shall be administered in accordance with Department of Labor regulations set forth in 29 C.F.R. Section 2530.200b.
- 1.17 "NORMAL RETIREMENT AGE" means age 65. An Employee's right to his normal retirement benefit shall be nonforfeitable upon his attainment of Normal Retirement Age.
- 1.18 "PARTICIPANT" means any individual who has become eligible to participate in the Plan pursuant to Section 2.01, and whose accrued benefit under the Plan has not been forfeited or completely distributed. The term "active Participant" means a Participant who is eligible to receive a credit under Section 3.01 B. of the Plan, or who would be eligible to receive a credit under Section 3.01 B. if the limits imposed by Section 8.05 of the Plan and Section 415 of the Code were disregarded.
- 1.19 "PART-TIME EMPLOYEE" means any individual who is classified as a part-time employee

on the records of the Company. The Company shall classify an individual as a part-time employee only if the Company reasonably expects that the individual will render less than 1,000 Hours of Service during the 12-month period beginning on his original date of hire and during each Plan Year.

- 1.20 "PBGC INTEREST RATES" means the interest rates that would be used (as of January 1 of the Plan Year in which the first benefit payment is to be made to a Participant) by the Pension Benefit Guaranty Corporation for purposes of determining the present value of a lump-sum distribution on plan termination. "IMMEDIATE PBGC INTEREST RATE" means the interest rate that would be so used with respect to immediate annuities.
- 1.21 "PLAN" means the Dana Corporation Retirement Plan, as amended from time to time.
- 1.22 "PLAN ADMINISTRATOR" means the Chairman of the Committee.
- 1.23 "PLAN YEAR" means the period of 12 consecutive months beginning with January 1 and ending with December 31.
- 1.24 "SURVIVING SPOUSE" means the wife of a male Participant, or the husband of a female Participant, to whom the Participant was married for at least one year prior to the Participant's death; and, in the case of a Participant whose monthly benefit under the Plan has commenced, to whom the Participant was married on the Participant's Benefit Commencement Date.
- 1.25 "TRANSITION PERIOD" means a period specified in Appendix E during which increases in an Employee's accrued benefit or projected benefit are determined in accordance with Appendix E rather than in accordance with Section 3.01 C. or Section 12.01 B. of the Plan.
- 1.26 "TRUSTEE" means the bank or trust company, or the banks or trust companies, acting at any time under a trust agreement with respect to all or a portion of the Fund.
- 1.27 "VESTING SERVICE" means an Employee's total service with the Company (except as otherwise provided below with respect to Part-Time Employees, or as otherwise provided in Section 3.02, Section 3.03 D., or Appendix E), including all periods of employment, whether continuous or not, and shall be the period of time, expressed in years and months, between the date on which an Employee first performs any service for the Company and the earlier of:
- A. the date on which an Employee resigns, retires, is discharged or dies, or
 - B. the first anniversary of the first date in a period of continuous absence for any reason other than resignation, retirement, discharge or death,

and provided that in no event shall any period of absence be excluded for purposes of determining service under this Section 1.27 unless a 12-month period has elapsed during which the Employee has not performed any service for the Company. In a case in which the Company maintains a plan of a predecessor employer, "Vesting Service" shall include service with the predecessor employer to the extent required by Section 414(a)(1) of the Code. In all other cases, "Vesting Service" shall include service with a predecessor employer only to the extent provided in Appendix I.

A Part-Time Employee who has not become a Participant shall receive credit for a year of Vesting Service for the Plan Year in which he completes at least 1,000 Hours of Service. A Part-Time Employee who has become a Participant shall receive credit for Vesting Service under the elapsed time rules set forth in the first part of this Section 1.27, measured from the January 1 that coincides with or next follows the date on which he becomes a Participant. If a Part-Time Employee becomes a Participant on July 1 of any Plan Year, he shall be credited with a year of Vesting Service for that Year.

If a leased employee becomes an Employee or a Part-Time Employee, he shall be credited with Vesting Service as if he had been an Employee or a Part-Time Employee (whichever is applicable) for all periods during which he was required to be treated as an employee of the Company by virtue of Section 414(n) of the Code. Service credited pursuant to this paragraph shall not be treated as "Credited Service" under Section 1.09 of the Plan.

To the extent not otherwise included, "Vesting Service" shall include any period required to be included by the Family and Medical Leave Act of 1993. Service credited pursuant to this paragraph shall not be treated as "Credited Service" under Section 1.09 of the Plan.

ARTICLE II

ELIGIBILITY AND RETIREMENT DATES

2.01 ELIGIBILITY TO PARTICIPATE

- A. If an individual was, on the Adoption Date, a participant in a tax-qualified defined benefit plan sponsored by his Employer that is merged with or replaced by the Plan on such Adoption Date, the individual shall become a Participant in the Plan on such Adoption Date, provided that he is an Employee on such Adoption Date.
- B. Each Part-Time Employee who completes 1,000 Hours of Service during the 12-month period beginning on his original date of hire or during any Plan Year shall become a Participant on the first Entry Date following the expiration of such 12-month period or Plan Year, provided that he is an Employee on that Entry Date. Once a Part-Time Employee has become a Participant, he shall remain eligible to participate in the Plan as long as he remains an Employee, even if he completes fewer than 1,000 Hours of Service in a Plan Year subsequent to his Entry Date.
- C. Each individual who is not described in A. or B., above, shall become a Participant as of the later of
1. the January 1 following the date on which his first period of employment with the Company commenced, provided that he is an Employee on such January 1; or
 2. the date on which he becomes an Employee.
- D. An individual who ceases to be an Employee after he has become a Participant shall be eligible to participate in the Plan as of the date on which he again becomes an Employee.

2.02 ELIGIBILITY FOR RETIREMENT BENEFIT

An Employee who has terminated his employment with the Company on his Normal, Early, or Postponed Retirement Date shall be eligible to receive a benefit under the Plan; provided, however, that the benefit payable shall be offset by the amount of any worker's compensation payments received that are provided through premiums, taxes or other payments paid by or at the expense of the Company.

2.03 NORMAL RETIREMENT DATE

An Employee's Normal Retirement Date shall be the first day of the month coincident with or next following his sixty- fifth birthday.

2.04 EARLY RETIREMENT DATE

An Employee who has not reached Normal Retirement Age but who has attained his fiftieth birthday may elect to retire on the first day of any month, provided that he has completed at least ten years of Vesting Service and that the sum of his age and years of Vesting Service, both calculated to the nearest month, equals 70 or more. Such date shall be his Early Retirement Date.

2.05 POSTPONED RETIREMENT DATE

If an Employee remains actively employed by the Company after his Normal Retirement Date, the Employee shall be eligible to retire on the first day of any month. Such date shall be his Postponed Retirement Date.

2.06 ELIGIBILITY FOR VESTED DEFERRED RETIREMENT BENEFIT

If an Employee terminates employment with the Company for any reason before attaining Normal Retirement Age and before completing at least five years of Vesting Service, he shall have no right to any benefit under the Plan.

If an Employee terminates employment with the Company after completing five or more years of Vesting Service but before his Normal, Early, or Postponed Retirement Date, he shall be entitled to a benefit pursuant to Section 3.06 of the Plan.

The Company may provide for the full and immediate vesting of designated groups of Employees or Former Employees in a manner that precludes individual selection among employees. Appendix I lists the groups of Employees or Former Employees who are entitled to full and immediate vesting under this provision.

ARTICLE III

AMOUNT OF RETIREMENT BENEFIT

3.01 ACCOUNT BALANCES

The Plan Administrator shall determine benefits under the Plan by maintaining Accounts for each Employee or Former Employee in accordance with the following rules.

- A. The Accrued Benefit Account and Supplemental Benefit Account (if any) of each individual who is an Employee on or after the Adoption Date shall be initially determined in accordance with Appendix E.
- B. The Future Service Account of each individual who was an Employee on the Adoption Date shall be initially determined in accordance with Appendix E. At the end of each Plan Year beginning after the Adoption Date, an active Participant's Future Service Account shall be credited with the following percentage of the Earnings that the Participant received in such Plan Year while he was an active Participant:

PERCENTAGE OF EARNINGS CREDITED		
FULL YEARS OF CREDITED SERVICE AT THE BEGINNING OF THE PLAN YEAR -----	EARNINGS UP TO 1/4TH OF THE MAXIMUM TAXABLE SOCIAL SECURITY WAGE BASE FOR THE PLAN YEAR -----	EARNINGS OVER 1/4TH OF THE MAXIMUM TAXABLE SOCIAL SECURITY WAGE BASE FOR THE PLAN YEAR -----
0 to 4	1.5%	3.0%
5 to 9	1.9%	3.8%
10 to 14	2.5%	5.0%
15 to 19	3.1%	6.2%
20 to 24	4.0%	8.0%
25 to 29	5.0%	10.0%
30 or more	6.4%	12.8%

No credits shall be made to the Future Service Account under this subsection B. for the Plan Year in which an Employee is first employed by the Company. No credits shall be made to the Future Service Account under this subsection B. for any Plan Year unless the individual is, at some time during such Plan Year, either an Employee or an individual described in Section 3.02. An individual who is otherwise eligible to receive a credit under this subsection B. for a Plan Year shall not fail to receive such credit solely because he completes less than 1,000 Hours of Service in that Plan Year.

- C. The increases in an Employee's or Former Employee's Accounts during the Transition Period shall be determined in accordance with Appendix E. On the last day of each Plan Year ending after the Transition Period, each Employee's or Former Employee's Accounts shall be increased by a percentage of the account balance at the beginning of such Plan Year. The applicable percentage for the Plan Year shall be indicated in Appendix H.

The Funds Committee of the Board of Directors of Dana Corporation may increase the applicable percentage for any Plan Year by adopting a written resolution that adds the increased percentage to the table in Appendix H.

If an Employee or Former Employee dies after completing five years of Vesting Service and before his Benefit Commencement Date, and if such Employee's or Former Employee's Surviving Spouse is eligible to receive a deferred benefit pursuant to Section 3.07 A., below, the Employee's or Former Employee's Accounts shall be increased as described in the first paragraph of this subsection C. until the survivor benefit commences or is paid.

- D. The Employee's or Former Employee's Earned Benefit Account shall equal the sum of (1) his Accrued Benefit Account plus (2) his Future Service Account plus (3) the product of (a) his Supplemental Benefit Account times (b) the ratio specified in Appendix E.

As of any date within the Plan Year, the Employee's or Former Employee's Earned Benefit Account shall include (1) a pro rata share of the credits to be made as of the end of the Plan Year in accordance with subsection C., above, and (2) the credit that would be made as of the end of the Plan Year in accordance with subsection B., above, based on the Employee's Earnings received in that Plan Year prior to such date.

3.02 CREDITS WHILE DISABLED OR SEPARATED, OR ON MILITARY LEAVE

An Employee who becomes entitled to benefits under a Company-sponsored short-term disability plan, long-term disability plan, or income protection plan, or who is on an approved leave of absence to enter into active service in the Armed Services of the United States (or any of its reserve units), shall continue to receive credits under his Future Service Account, shall continue to earn his Supplemental Benefit Account, and shall earn Vesting Service and Credited Service under the Plan, during any period in which he is entitled to benefits under such other plan, as well as during the period of such military leave of absence (not to exceed four

years, or any longer period during which he retains re-employment rights under a federal statute governing the re-employment of members of the Armed Services). For the purpose of determining the amount credited to such individual's Future Service Account under Section 3.01 B. of the Plan, the individual's Earnings shall be determined as though he continued to receive basic salary, at the rate last in effect, during the period of such benefit entitlement or military leave of absence, whichever the case may be.

An individual described in this Section 3.02 shall not be eligible to receive a distribution from the Plan during the period of his leave of absence to serve in the Armed Services or while he is entitled to receive benefits under a Company-sponsored short-term disability plan, long-term disability plan, or income protection plan. If the individual does not return to employment with the Company when the period of such military leave of absence or benefit entitlement ceases, he shall be eligible to receive a distribution of his Earned Benefit Account under the Plan in accordance with Section 3.04, Section 3.06, or Section 3.08, whichever is applicable, as if his employment with the Company had terminated on the date on which such military leave of absence or benefit entitlement ceased.

Notwithstanding the foregoing, if an individual's Vesting Service calculated under Section 1.27 B. (without regard to this Section 3.02) would be greater than his Vesting Service calculated under this Section 3.02, such individual's Vesting Service shall be calculated under Section 1.27 B. (without regard to this Section 3.02), and the date on which such individual's employment is deemed to have terminated will be determined under Section 1.27 B.

3.03 ACCOUNTS FOR INDIVIDUALS WHOSE EMPLOYMENT TERMINATES

- A. If an individual terminates his employment with an Employer prior to the Adoption Date, and if such individual is reemployed by an Employer and becomes a Participant before his Benefit Commencement Date, his accrued benefit under any tax-qualified defined benefit plan that has become part of the Plan shall be converted to an Accrued Benefit Account in accordance with Appendix E. If an individual terminates his employment with an Employer prior to the Adoption Date, and if such individual is reemployed by the Employer and becomes a Participant after his Benefit Commencement Date, he shall be subject to the rules set forth in E., below.
- B. If an Employee terminates his employment with an Employer after the Adoption Date, and if such Former Employee had acquired a vested right to his Earned Benefit Account, such Former Employee's Accounts shall be

maintained in accordance with the terms of the Plan, and shall be increased pursuant to Section 3.01 C., until such Former Employee's (or, where applicable, his Surviving Spouse's) Benefit Commencement Date, provided, however, that in the year of termination of employment, the Former Employee's Accounts determined as of the date of termination (rather than as of the beginning of the Plan Year) shall receive interest credits at the rate in effect for that year from the date of termination to the earlier of his Benefit Commencement Date or the end of the year in which his termination of employment occurred.

- C. If an Employee terminates his employment with the Company before he has acquired a vested right to his Earned Benefit Account, his Accounts shall be increased pursuant to Section 3.01 C. until he incurs five consecutive Breaks in Service.
- D. If an individual described in Section 3.03 C., above, incurs five consecutive Breaks in Service, his Accounts shall cease to be maintained, and his Vesting Service and Credited Service for the period prior to the Breaks in Service shall be disregarded for all purposes under the Plan.
- E. If an individual is reemployed by the Company after his Benefit Commencement Date, his Credited Service earned before such re-employment shall be disregarded for purposes of determining his rate of benefit accrual after reemployment and his Credited Service earned after such reemployment shall be disregarded for purposes of determining the earned portion of his Supplemental Benefit Account. Such Participant's benefit payments shall continue as though the Participant had not been reemployed.

If an individual is reemployed by the Company before his Benefit Commencement Date, and before a 12-month period has elapsed since the Employee last performed any service for the Company, then he shall be credited with Vesting Service for the period of his absence, but shall not earn any Credited Service during such period of absence for purposes of determining the earned portion of his Supplemental Benefit Account.

3.04

PAYMENT OPTIONS

Except as provided in Section 3.08, below, an Employee who retires at his Normal, Early, or Postponed Retirement Date may elect the benefit described in A., B., or C., below, or may elect half of the benefit described in A. and half of

the benefit described in either B. or C. Any election of a benefit described in this Section 3.04 must satisfy the requirements of Section 3.05, below.

- A. A lump-sum payment equal to the amount of the Participant's Earned Benefit Account as of the payment date.
- B. A monthly annuity benefit that remains level throughout the Participant's lifetime, payable in one of the following forms:

- 1. LIFE ANNUITY

A monthly retirement benefit payable only during the Participant's lifetime that is the actuarial equivalent of the amount of the Participant's Earned Benefit Account as of the Benefit Commencement Date, determined on the basis of the factors using 120% of the Immediate PBGC Interest Rate, as indicated in Appendix C.

- 2. JOINT AND SURVIVOR OPTION

In lieu of the life annuity described in Section 3.04 B. 1., above, a Participant may elect an Actuarially Adjusted monthly retirement benefit with the provision that if his joint annuitant shall be living at his death, 50%, 75%, or 100% (at the election of the Participant) of the Actuarially Adjusted monthly retirement benefit payable to the Participant shall be payable to his joint annuitant during the further lifetime of such joint annuitant.

- 3. FIVE- OR TEN-YEAR CERTAIN OPTION

- a. In lieu of the life annuity described in Section 3.04 B. 1., above, a Participant may elect an Actuarially Adjusted life annuity payable with either of the following provisions:

- (i) the provision that if the Participant dies before 60 monthly payments have been made to him, there shall be paid to his beneficiary, commencing on the first day of the month following his death, for the remainder of such 60 months, the monthly benefit that had been paid to the Participant, or
- (ii) the provision that if the Participant dies before 120

monthly payments have been made to him, there shall be paid to his beneficiary, commencing on the first day of the month following his death, for the remainder of such 120 months, the monthly benefit that had been paid to the Participant.

Such election shall be made in the form prescribed by the Company, and shall include the designation of a beneficiary.

- b. A Participant may change the beneficiary designated pursuant to paragraph a., above, at any time; provided, however, that any change in the designated beneficiary must be made in accordance with the spousal consent requirements of Section 3.05, below. If, upon the death of a Participant after his Benefit Commencement Date, no validly-designated beneficiary exists, or if a designated beneficiary dies prior to the complete disbursement of the payments due and such designated beneficiary had not named a beneficiary, the remaining monthly payments shall be paid to:
- (i) the Surviving Spouse of the deceased Participant, if any, or
 - (ii) if there is no Surviving Spouse at the time a monthly payment is made, in equal shares to the children of the deceased Participant, if any, surviving at the time such monthly payment is made, or
 - (iii) if there is no Surviving Spouse or surviving child at the time a monthly payment is made, to the executor or administrator of the estate of the last to die of the deceased Participant or the deceased designated beneficiary.

In the event a Participant designates his spouse as beneficiary and they thereafter divorce, such designation shall be automatically revoked.

4. SOCIAL SECURITY LEVEL INCOME OPTION

A Participant may elect to receive part of his benefit in the form of

a temporary monthly benefit equal to the highest monthly Social Security retirement benefit that would be payable to an eligible individual retiring at age 62 in the year of the election. The last payment of such temporary monthly benefit shall be due on the first day of the month of the Participant's sixty-second birthday. A Participant making this election shall have his Accounts reduced by the present value of such temporary monthly benefit, determined in accordance with Appendix C, and the balance of his benefit shall be calculated based on the remainder of his Earned Benefit Account after such reduction.

If such present value exceeds the amount of his Earned Benefit Account, however, such temporary monthly benefit shall equal the amount of the temporary monthly benefit determined in accordance with the preceding paragraph times the ratio of such present value to the amount of his Earned Benefit Account, and no additional benefits shall be payable after the first day of the month of his sixty-second birthday.

If a Participant dies before the first day of the month of his sixty-second birthday, the temporary monthly benefit shall be paid to the Participant's beneficiary until the first day of the month in which the Participant would have reached age 62.

- C. A monthly annuity benefit, payable only during the Participant's lifetime, that increases 5% in amount as of the first day of each Plan Year (or, if smaller, by the percentage increase in the Consumer Price Index for Urban Wage Earners during the preceding Plan Year). The amount of such benefit during the first Plan Year of payment shall equal the amount of the Participant's Earned Benefit Account as of the Benefit Commencement Date (excluding any credits made during that Plan Year in accordance with Section 3.01 C.), divided by the applicable factor from the table in Appendix C, based on the Participant's age at the Benefit Commencement Date. No survivor benefit shall be provided with respect to the benefit described in this Section 3.04 C.

3.05 AUTOMATIC FORMS OF PAYMENT AND ELECTIONS OF OPTIONAL FORMS

A. AUTOMATIC ELECTION OF LIFE ANNUITY

If a Participant is not married on the date his benefits are to commence, then

he shall be deemed automatically to have elected to receive his entire benefit under the life annuity option described in Section 3.04 B. 1., above, unless he specifically elects against this option as provided in subsection C., below.

B. AUTOMATIC ELECTION OF JOINT AND SURVIVOR ANNUITY

If a Participant is married on the date his benefits are to commence, then he shall be deemed automatically to have elected to receive his entire benefit under the joint and survivor option described in Section 3.04 B. 2., above, with his spouse (as of his Benefit Commencement Date) as his 50% joint annuitant, unless he specifically elects against this option as provided in subsection C., below.

C. REQUIREMENTS FOR ELECTION

Each Participant described in subsection A. or B., above, shall be given an election period no longer than 90 days, ending on his Benefit Commencement Date, within which to decline in writing the life annuity or joint and survivor annuity, as the case may be, and to elect to receive retirement benefits in another form provided by the Plan. An election to decline the life annuity or joint and survivor annuity and to receive retirement benefits in another form provided by the Plan may be made only during the 90-day election period. Any election made during the 90-day election period may be revoked during the election period by the Participant. Such election or revocation shall be subject to the following terms and conditions:

- (1) Any election or revocation shall be made in writing on a form filed with the Plan Administrator.
- (2) The election to decline the joint and survivor annuity shall be ineffective unless the Participant's spouse consents in writing to such election, and such consent acknowledges the effect of such election and is witnessed by a Plan representative or notary public. The spouse's consent must acknowledge the effect of the designation of any beneficiary or class of beneficiaries and any contingent beneficiary.
- (3) Paragraph (2), above, shall not apply if the Plan Administrator determines that consent cannot be obtained because no spouse exists, because the spouse cannot be located, or because of such other cir-

cumstances as are specified by the Secretary of the Treasury by regulation.

- (4) Any consent by a spouse pursuant to paragraph (2), above, shall be effective only with respect to such spouse. Similarly, any failure to obtain the consent of a spouse for the reasons described in paragraph (3), above, shall be effective only with respect to such spouse.
- (5) To the extent provided in a qualified domestic relations order, as defined in Section 414(p) of the Code, a former spouse of a Participant shall be treated as the spouse of such Participant for purposes of this Section 3.05.

D. NOTICES

The Plan Administrator shall provide to each Participant, not more than 90 nor less than 30 days before the Benefit Commencement Date, a written explanation of the automatic life annuity or joint and survivor annuity described in this Section, information concerning optional forms of benefit, and notification of the Participant's right to waive the life annuity or joint and survivor annuity and the right to revoke a previous election to waive the life annuity or joint and survivor annuity.

3.06 VESTED DEFERRED RETIREMENT BENEFIT

This Section 3.06 shall apply if a Former Employee is entitled to a Vested Deferred Retirement Benefit pursuant to Section 2.06 of the Plan and the amount of the Former Employee's vested Earned Benefit Account at the time of his termination of employment is greater than \$3,500.

If the Vested Deferred Retirement Benefit commences at a time when the Former Employee does not satisfy the age and service requirements in the following paragraph, the Vested Deferred Retirement Benefit shall be paid in the automatic form specified in Section 3.05 A. or Section 3.05 B., whichever is applicable, unless the Former Employee elects a lump-sum benefit. The Former Employee may receive the Vested Deferred Retirement Benefit in the form of a lump-sum benefit described in Section 3.04 A. of the Plan if he satisfies the election and consent requirements of Section 3.05; but he may not elect to receive the Vested Deferred Retirement Benefit in any other optional form described in the Plan.

If a Former Employee has reached at least age 50 and completed at least 10 years

of Vesting Service, and if the sum of the Former Employee's age and years of Vesting Service equals 70 or more, the Former Employee may elect to receive his Vested Deferred Retirement Benefit in any of the optional forms described in Section 3.04 of the Plan (subject to the election and consent requirements of Section 3.05).

The Former Employee must make application for a lump-sum payment or for commencement of a Vested Deferred Retirement Benefit on a form approved for this purpose by the Company. Such benefit shall commence effective as of the first day of the month following the date the application is received by the Company, provided that such Benefit Commencement Date complies with the notice requirements set forth in Section 3.05 D. If such application is not made within 60 days after the Former Employee attains age 65, the Company shall make a reasonable effort to locate him and notify him of the necessity of making the application.

3.07

SURVIVOR BENEFIT

A. BENEFIT

If a Participant dies before benefits begin to be paid under the Plan, and after reaching Normal Retirement Age while employed by the Company or after completing five years of Vesting Service, a benefit shall be paid to the beneficiary described in B., below.

If such beneficiary is not the Participant's Surviving Spouse, the beneficiary shall receive, as soon as practicable after the Participant's death, a lump-sum payment equal to the amount of the Participant's Earned Benefit Account.

If such beneficiary is the Participant's Surviving Spouse, the Surviving Spouse shall receive a level monthly benefit determined in accordance with Section 3.04 B. 1., based on the age of the Surviving Spouse at the Benefit Commencement Date. In lieu of such monthly benefit, the Surviving Spouse may elect a lump-sum payment of the Earned Benefit Account. The Surviving Spouse may elect to commence the level monthly benefit or to receive the lump-sum payment at any time between the date of the Participant's death and the date on which the Participant would have attained age 70 1/2.

If the amount of the Participant's vested Earned Benefit Account at the time

of his death is \$3,500 or less, such Account shall be paid in accordance with Section 3.08, below, and not in accordance with the preceding paragraph.

B. BENEFICIARY

Subject to the consent of the Participant's spouse, each Participant may designate, or change a prior designation of, a beneficiary or beneficiaries to receive benefits under this Plan in the event of the Participant's death before his Benefit Commencement Date. A married individual who is still employed by the Company may not designate any beneficiary other than his spouse unless the individual has attained age 35 (or will attain age 35 during the Plan Year in which the designation is made). Absent the valid designation (with spousal consent) of an alternate beneficiary or beneficiaries, the Participant's Surviving Spouse shall be the designated beneficiary.

If no designated beneficiary is living at the time any benefit is to be paid, such benefit shall be paid to:

1. The Surviving Spouse of the deceased Participant, if any, or
2. If there is no Surviving Spouse at the time a benefit is paid, in equal shares to the children of the deceased Participant, if any, surviving at the time the benefit is paid, or
3. If there is no Surviving Spouse or surviving child at the time a benefit is paid, to the executor or administrator of the estate of the last to die of the deceased Participant or the deceased designated beneficiary.

C. NOTICE AND CONSENT

The Plan Administrator shall provide to each Participant a written explanation of the Surviving Spouse benefit described in A., above; information concerning the nonspouse benefit described in A., above; notification of the Participant's right to waive the Surviving Spouse benefit; the requirements regarding spousal consent to such a waiver; and the Participant's right to revoke such a waiver. The Plan Administrator shall provide the notice described in this paragraph within the last to end of (1) the three-year period preceding the year in which an Employee attains age 35, or (2) the twelve-month period beginning on an Employee's first day of participation in the Plan, or (3) in the case of a Former Employee whose

employment terminates before he reaches age 35, the period beginning twelve months before, and ending twelve months after, the Former Employee's termination of employment with the Company. The spouse's consent to such a waiver shall be obtained in a manner that satisfies the rules set forth in paragraphs (1) through (5) of Section 3.05 C. of the Plan.

3.08 CASH-OUT OF SMALL BENEFITS

If the amount of the Participant's vested Earned Benefit Account at the time of his retirement, death, or termination of employment is \$3,500 or less, the amount of such Account shall be paid in the form of an immediate lump-sum payment, and neither the Participant nor a Surviving Spouse may elect deferred payment or payment in the form of a monthly benefit.

3.09 DIRECT ROLLOVERS

If a Participant, a Surviving Spouse, or an alternate payee named in a qualified domestic relations order is entitled to receive an "eligible rollover distribution" (within the meaning of Section 402(c)(4) of the Code) from the Plan on or after January 1, 1993, the Plan shall, at the election of the recipient, make a direct rollover of the taxable portion of the distribution to an "eligible retirement plan" (within the meaning of section 401(a)(31)(D)). This Section 3.09 is intended, and shall be construed, solely to satisfy the direct rollover requirements of Section 401(a)(31) of the Code: it shall not confer any rights other than those required under Section 401(a)(31) and the regulations or other guidance of general applicability interpreting that section.

ARTICLE IV
TRANSFERRED EMPLOYEES

4.01 TRANSFER OUT OF OR INTO THE PLAN

An Employee covered by the Plan who is transferred, whether before or after the Adoption Date, to a position wherein he is no longer covered by this Plan shall continue to earn portions of his Supplemental Benefit Account as long as he continues to earn Credited Service, and shall continue to receive credits in accordance with Section 3.01 C., but shall not receive any credits in accordance with Section 3.01 B. with respect to Earnings received after the transfer date.

This paragraph shall apply to any individual transferred into or out of a position covered by the Plan, whether such transfer takes place before or after the Adoption Date. If an individual to whom this paragraph applies is entitled to any pension benefit under any other Company pension plan, the benefit payable under this Plan shall be equal to the excess of (1) the benefit otherwise payable pursuant to the Plan, over (2) the corresponding benefit payable under any such other Company pension plan that is attributable to periods of employment for which benefits accrue under this Plan in accordance with subsection 3.01 B., above, or for any periods for which Credited Service is granted under Appendix E.

ARTICLE V

FUNDING

5.01 PENSION FUND

The Company has established a Fund to be held and invested by the Trustees and their successors, or by a life insurance company or companies, into which the Company's payments to fund pensions shall be made. No Employee shall be required or permitted to make any payment to the Fund. Benefits under the Plan shall be payable only from the Fund and all expenses of the Fund shall be payable from the Fund except to the extent the Company shall pay them.

5.02 PENSION FUND TRUSTEE OR INSURER

The Company may enter into one or more trust agreements with a Trustee or Trustees selected by the Company to manage or operate the Fund and to receive, hold and disburse such contributions, interest, and other income as may be necessary to pay such benefits under the Plan as are not provided for by an insured fund; and/or the Company may enter into one or more contracts with an insurance company or companies selected by the Company for the payment of such benefits under this Plan as are not provided for by a trust fund.

The Company may select and contract with a Trustee or Trustees or insurance company or companies, remove any Trustee or Trustees or insurance company or companies, select successors, and determine the form and terms of the trust agreements with the Trustee or Trustees or the form of the insurance contracts with the insurance company or companies.

5.03 CONTRIBUTIONS TO THE PENSION FUND

The Company shall make contributions to the Fund in such amounts and at such times as the Company shall determine. The Company intends, subject to the provisions of Section 9.02, to make contributions to the Fund sufficient to satisfy the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Except to the extent otherwise required by the Pension Benefit Guaranty Corporation pursuant to Title IV of ERISA, the Company shall not be required to make any contributions to the Fund, or otherwise to provide any benefit described by the Plan, after the Plan has been terminated. Each contribution made to the Fund shall be made on the condition

that it is currently deductible under Section 404 of the Code for the taxable year with respect to which the contribution is made and without regard to any subsequent amendment improving benefits under the Plan.

The credits described in Section 3.01 B. shall be made to the Future Service Accounts of eligible Employees regardless of the amount of the Company contribution during any Plan Year.

Notwithstanding any other provision in this Plan to the contrary:

- A. In the case of a contribution made by the Company by a mistake of fact, such contribution shall be returned to the Company within one year after its payment.
- B. If the deduction of a contribution is disallowed by the Internal Revenue Service for the taxable year with respect to which the contribution is made, the contribution (adjusted for any investment losses allocable thereto, but not for any investment gains allocable thereto) shall be returned to the Company, to the extent disallowed, within one year after the disallowance.

5.04

GAINS WITHIN FUNDS

Any actuarial gain of any kind shall be used to reduce the Company's future contributions to the Fund, and shall not be applied to increase the benefit that any individual would otherwise receive under the Plan.

ARTICLE VI
ADMINISTRATION

6.01 GENERAL ADMINISTRATION

The Committee has the overall responsibility and authority as named fiduciary to manage and control the operation and administration of the Plan. The Committee may designate one or more individuals to carry out the Company's fiduciary responsibility and authority to manage and control the Plan assets.

The Committee shall carry out the following responsibilities and exercise the following authority:

- A. To determine the amounts and time of payment of benefits and the rights of Participants and beneficiaries to Plan benefits, all in accordance with the terms of the Plan;
- B. To take any actions necessary to assure timely payment of benefits to any Participant or beneficiary eligible to receive benefits under the Plan; and to assure a full and fair review for any Participant or beneficiary who is denied a claim to any benefit under the Plan;
- C. To maintain Plan records, to communicate required information to Participants and their beneficiaries, and to submit required reports to appropriate regulatory authorities;
- D. To employ other persons to render advice with respect to any responsibility or authority being carried out by the Committee, including the employment of counsel, and to assist in the administration of the Plan;
- E. To give necessary or appropriate instructions relating to plan administration to any person or entity appointed to provide services that the Committee and/or the Company requires in performing its duties;
- F. To take any action necessary or appropriate to assure that the Plan is administered for the exclusive purpose of providing benefits to Participants and their beneficiaries in accordance with the Plan and defraying reasonable expenses of administering the Plan, subject to the requirements of ERISA and, to the extent not preempted by ERISA, the requirements of the law of

Ohio; and

G. To construe the terms of the Plan, in its sole discretion.

6.02 APPLICATIONS AND INFORMATION TO BE SUPPLIED

Participants and beneficiaries shall furnish such benefit applications, documents, evidence and information as the Plan Administrator may deem necessary or desirable for the purpose of administering the Plan. It shall be a condition for payment of benefits under the Plan that each person must furnish promptly true and complete data, evidence, and information and sign such applications and documents as may be required.

6.03 CLAIMS PROCEDURE

A request for a Plan benefit shall be deemed filed when a written communication is made by a Participant or beneficiary, or the authorized representative of either, that is reasonably calculated to bring the claim to the attention of the Plan Administrator.

If a claim is wholly or partially denied, notice of such decision shall be furnished to the claimant within 90 days after the receipt of the claim by the Plan Administrator. Such notice shall include:

- A. The specific reason or reasons for the denial;
- B. Specific reference to pertinent Plan provisions on which denial is based;
- C. A description of any additional material or information necessary to perfect the claim and explanation of why such material or information is necessary; and
- D. An explanation of the Plan's claim review procedure.

Within 60 days from the receipt of the notice of denial, the claimant may appeal such denial to the Plan Administrator for a full and fair review. The review shall be instituted by the filing of a written request for review by the claimant or his authorized representative within the 60-day period stated above. A request for review shall be deemed filed as of the date of receipt of such written request by the Plan Administrator. The decision of the Plan Administrator shall be made not later than 60 days after the receipt of the request for review, unless special

circumstances, such as the need to hold a hearing, require an extension of time, in which case decisions shall be rendered not later than 120 days after receipt of a request for review. The claimant, or his authorized representative, may review all pertinent documents, may submit issues and comments in writing, and may do such other appropriate things as the Plan Administrator may allow.

6.04

ADMINISTRATIVE DISCRETION

The Committee shall have discretionary authority to determine eligibility for benefits, to construe the terms of the Plan, and to decide any and all matters arising under the Plan, including without limitation 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 and beneficiaries who are similarly situated.

To the extent that administrative powers or duties are properly delegated to the Plan Administrator or to any other individual or entity, such individual or entity shall have discretionary authority, as described in the preceding paragraph, to exercise such powers or duties.

ARTICLE VII
RETIREMENT BENEFIT PAYMENTS

7.01 MANNER OF PAYMENT

Retirement benefits shall normally be paid monthly. The first monthly payment of an Employee's retirement benefit shall be made as of his Benefit Commencement Date. Thereafter, the retirement benefit shall be payable monthly, but in no event shall a retirement benefit be payable after the date of the Participant's death, except to the extent that the form of payment elected by the Participant expressly provides for benefits to be paid after his death to his Surviving Spouse or other beneficiary.

7.02 SMALL AMOUNTS

In the event that any monthly retirement benefit payable under the Plan would amount to less than \$50.00, the Company may direct that such payments be made at such intervals as will make each payment amount to at least \$50.00.

7.03 BENEFIT COMMENCEMENT DATES

- A. Except as provided in Section 3.08, above, no benefit shall be payable under the Plan to a Participant until such Participant reaches Normal Retirement Age, unless such Participant is eligible for and elects an earlier Benefit Commencement Date.
- B. A Former Employee's benefit under the Plan shall commence not later than 60 days after his Normal Retirement Date (or, if later, his Postponed Retirement Date), provided that the Former Employee has applied for the benefit on a form approved for this purpose by the Company.

7.04 MINIMUM REQUIRED DISTRIBUTIONS

- A. Notwithstanding any other Section of the Plan, the distribution of a Participant's benefit under the Plan shall commence not later than April 1 of the calendar year following the calendar year in which he attains age 70 1/2, unless he is described in subsection B., below.
- B. If a Participant attained age 70 1/2 before January 1, 1988, and if he was not

a 5% owner (as that term is defined in Section 416(i)(1)(B) of the Code) at any time after the end of the Plan Year in which he attained age 65 1/2, his benefit under the Plan shall commence not later than April 1 of the calendar year following the later of (1) the calendar year in which he attains age 70 1/2, or (2) the calendar year in which he retires from the Company.

- C. Unless the mode of distribution is a single payment, distributions will be made over a period not extending beyond the Participant's life or life expectancy, or the joint lives or life expectancies of the Participant and his beneficiary. If the Participant's entire benefit is to be distributed over a period longer than one (1) year, then the amount to be distributed each year shall be no less than the amount prescribed by the regulations under Section 401(a)(9) of the Code.
- D. If a Participant dies before his Benefit Commencement Date, his benefit shall be distributed in accordance with Section 3.07 A., above.
- E. Benefits shall not be distributed pursuant to any schedule under the Plan unless the schedule satisfies the incidental benefit requirement at Section 401(a)(9)(G) of the Code and the regulation at Prop. Treas. Reg. Section 1.401(a)(9)-2.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

8.01 NONDUPLICATION OF BENEFITS

Notwithstanding any other provision of this Plan, there shall be no duplication of benefits under this Plan and/or any other qualified plan maintained by the Company, other than the Savings and Investment Plan for Management Employees of Dana Corporation.

8.02 MERGER, CONSOLIDATION OR TRANSFER

This Plan may be merged or consolidated with, or its assets and liabilities may be transferred to, any other plan. Each Participant must receive a benefit immediately after such merger, consolidation, or transfer, if the transferee plan were then to terminate, that is equal to or greater than the benefits he would have received immediately prior to such merger, consolidation, or transfer if the Plan were to have terminated on such date.

8.03 EXCLUSIVE BENEFIT OF PARTICIPANTS

Except as provided in Section 5.03 of the Plan, it shall be impossible at any time prior to satisfaction of all liabilities hereunder for contributions of the Company or any part of the Fund to revert to the Company or to be used for or diverted to any purpose other than the exclusive benefit of Participants and their beneficiaries and the payment of administrative expenses of the Plan.

8.04 CONSTRUCTION

The headings in the Plan are inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof. Pronouns and other words indicating masculine, feminine, or neuter gender shall be deemed to include other genders unless the context clearly indicates otherwise, and singular words shall include the plural in all cases where such meaning would be appropriate.

8.05 MAXIMUM LIMITATION ON BENEFIT AMOUNT

- A. In addition to any other limitation set forth in the Plan and notwithstanding any other provision of the Plan, in no event shall the annual amount of a Participant's accrued benefit (including any optional benefit) determined under the provisions of the Plan, together with the aggregate annual amount of such Participant's accrued benefits under all other defined benefit plans required to be aggregated with the Plan under the provisions of Section 415 of the Code, increase to an amount in excess of the maximum amount permitted under Section 415 of the Code. For purposes of applying the Section 415 limits to the Plan, a Participant's compensation shall be determined under the safe harbor definition in Treas. Reg. Section 1.415-2(d)(10), except that the Participant's compensation for this purpose shall also exclude taxable car allowances and taxable credits under a flexible benefits plan.
- B. The limitation imposed by this Section 8.05 shall be applied after taking into account (1) the transition rules prescribed in Section 1106(i) of the Tax Reform Act of 1986 (and any other transition rule that preserved the Participant's current accrued benefit under the Plan as of the effective date of an amendment to Section 415 of the Code), and (2) any cost-of-living increase that may be taken into account pursuant to regulations or other guidance issued under Section 415(d) of the Code.
- C. In the event that the limitations provided in this Section 8.05 become applicable to a Participant who is entitled to benefits under more than one defined benefit plan maintained by the Company, the benefits under such other plan or plans shall be reduced so that the benefits provided under such other plan or plans and the benefit provided under this Plan do not, in the aggregate, exceed the limitations provided in this Section.
- D. If the sum of the Participant's defined benefit plan fraction and defined contribution plan fraction (as defined in Section 415(e) of the Code) exceeds 1.0 for a Plan Year (except to the extent permitted under regulations or other guidance promulgated by the Secretary of the Treasury or his designee), the Company shall cause the rate of benefit accrual under the Plan to be adjusted to the extent necessary to comply with the limitations of this Section 8.05.

8.06 FACILITY OF PAYMENT

In the event that it shall be found that any person who may become entitled to a

benefit under the Plan is unable to care for his affairs because of illness or accident, any payment due may be paid to his legal representative. Any such payment shall be a payment for the account of such person and shall completely discharge any liability of the Plan therefor. No heirs or personal representative of a deceased Participant or other payee shall have any claim to a benefit payable to such deceased Participant or other payee, except such as is payable under the terms of the Plan.

8.07

NONALIENATION OF BENEFITS

A. NONALIENATION RULE AND QDRO EXCEPTION.

1. The Plan shall not in any manner be liable for or subject to the debts or liabilities of any Participant or beneficiary. No right or benefit under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, or encumbrance of any kind, except to the extent permitted under Section 401(a)(13) of the Code and the regulations thereunder.
2. The nonalienation provisions of this Section shall also apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant under a domestic relations order, unless such order is determined to be a qualified domestic relations order.
3. The terminology used in this Section 8.07 to describe the rules governing domestic relations orders shall have the same meaning as that used in Section 206(d)(3) of ERISA and Section 414(p) of the Code.

B. GENERAL PROCEDURES FOR PROCESSING DOMESTIC RELATIONS ORDERS.

1. Any domestic relations order shall be referred to the Plan Administrator or his designee within the Company (each referred to in this Section 8.07 as the Plan Administrator) as soon as it is received by the Plan. The Plan Administrator shall review the order and promptly notify the Participant and each alternate payee (at the address included in the domestic relations order) of the receipt of such order and of the Plan's procedures for determining the qualified status of domestic relations orders. Each alternate payee may designate in writing a representative to receive copies of notices that otherwise would be sent to the alternate payee with respect to the domestic

relations order. The term "alternate payee" means any spouse, former spouse, child or other dependent of a Participant who is recognized by the domestic relations order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to the Participant.

2. The Plan Administrator shall have full discretionary authority to interpret and apply domestic relations orders, ERISA Section 206(d)(3), and Code Section 414(p). This grant of authority shall be broadly construed and shall include the discretionary authority to interpret and apply ambiguous terms, and to supply missing terms reasonably necessary to a determination of the qualified status of a domestic relations order. Within a reasonable period after receipt of the order, the Plan Administrator shall determine whether the order is a qualified domestic relations order and shall notify the Participant and each alternate payee of the determination. In making the determination, the Plan Administrator may consult with and rely upon advisers.
3. Any dispute over the Plan Administrator's determination shall be resolved through the Plan's appeal procedure.

C. PROCEDURES FOR ANTICIPATED ORDERS.

1. The Plan Administrator shall not withhold or delay the payment of any benefit that is otherwise due to a Participant under the terms of the Plan at the oral or written request of any individual who is seeking a domestic relations order.
2. The Plan Administrator shall not withhold or delay the payment of any benefit that is otherwise due to a Participant under the terms of the Plan in response to a court order entered in a domestic relations proceeding unless the court order is a domestic relations order.

D. PROCEDURES FOR DETERMINATION PERIOD.

1. During any period in which the issue whether a domestic relations order is a qualified domestic relations order is being determined (by the Plan Administrator, by a court of competent jurisdiction, or otherwise), the Plan Administrator shall maintain a separate bookkeeping account for the amounts (hereinafter referred to in this

Section as the "segregated amounts") that would have been payable to the alternate payee during such period, if the order had been determined to be a qualified domestic relations order. The segregated amounts shall remain segregated for a period not longer than 18 months, beginning with the date on which the first payment would be required to be made under the domestic relations order.

2. If, within the 18-month period described in paragraph 1., above, the order (or modification thereof) is determined to be a qualified domestic relations order, the Plan Administrator shall pay the segregated amounts (including any interest thereon) to the person or persons entitled thereto. The Plan shall credit the segregated amounts with interest in accordance with the interest rates and crediting rules that apply to the Participant's Earned Benefit Account under Section 3.01 C. and D. and Appendix H of the Plan.
3. If, within the 18-month period described in paragraph 1., above --
 - a. it is determined that the order is not a qualified domestic relations order, or
 - b. the issue as to whether such order is a qualified domestic relations order is not resolved,

the Plan Administrator shall pay the segregated amounts (including any interest thereon) to the person or persons who would have been entitled to such amounts if there had been no order.
4. If a determination that an order is a qualified domestic relations order is made after the close of the 18-month period described in paragraph 1., above, the determination shall be applied prospectively only.

E. PROCEDURES FOR PAYING AN ALTERNATE PAYEE'S BENEFIT.

1. An alternate payee may file a written election to commence payment of the amount that he is entitled to receive under a qualified domestic relations order. An alternate payee may select any Benefit Commencement Date that is permitted under the terms of the qualified domestic relations order, including a date that precedes the Participant's earliest retirement date under the Plan, provided that the Benefit Commencement Date (i) is not earlier than the date on which

the Plan Administrator receives the alternate payee's written election, and (ii) is not later than the latest date on which the Participant's benefit under the Plan could commence.

2. An alternate payee may receive an immediate single-sum distribution under the terms of a qualified domestic relations order, provided that the order directs that the alternate payee's benefit be paid in a single sum and further stipulates that payment of the single sum shall be in full satisfaction of the alternate payee's right, title, and interest in the Plan.

8.08 EVIDENCE OF SURVIVAL

The Company shall have the right to require satisfactory evidence that a Participant, joint annuitant or beneficiary is living on each and every date when a retirement benefit is due such person. In the absence of such evidence when required by the Company, the benefits otherwise due shall not be paid until such evidence shall have been received.

8.09 GOVERNING LAW

The Plan and all rights thereunder shall be construed, regulated and administered under the Employee Retirement Income Security Act of 1974 insofar as it supersedes state laws. However, in any matter where said Act may not control, this Plan shall be construed, regulated and administered under the laws of Ohio, and the Trustee shall be liable to account only in the federal courts as provided by the Act or in the state courts of said state.

8.10 WITHHOLDING OF TAXES

The Trustee may withhold, or require withholding, from any distribution that it is directed to make, such sum as the Trustee may reasonably estimate is necessary to cover any taxes for which the Trustee may be liable, which are, or may be, assessed with regard to such distribution or because of a Participant's or distributee's interest in the trust fund providing benefits under the Plan, including (but not by way of limitation) any federal or state estate or inheritance taxes for which the Trustee may be liable as a result of being deemed to be in possession of property of a Participant or a distributee (even if such liability is partly or wholly attributable to property that is unrelated to such trust fund). Upon discharge or settlement of such tax liability, the Trustee shall distribute the balance of such sum, if any, to the distributee from whose distribution it was withheld, or if such

distributee is then deceased, to such other person as the Company shall direct. Prior to making any distribution hereunder, the Trustee may require such releases or other documents from any taxing authority, or may require such indemnity and surety bond, as the Trustee shall reasonably deem necessary for its protection.

ARTICLE IX
AMENDMENT OR TERMINATION

9.01 PLAN AMENDMENT

The Company reserves the right, at any time and from time to time, to amend in whole or in part, either retroactively or prospectively, any or all of the provisions of this Plan without the consent of any Participant or beneficiary hereunder. Such amendment shall be stated in an instrument executed by the Company, provided, however, that no amendment:

- A. Shall authorize, cause or permit part of the Fund (other than such part as is required to pay taxes or other administrative expenses) to be used for or diverted to purposes other than the exclusive benefit of Participants or their beneficiaries or estates, except as provided in Section 5.03, above, or in Section 9.02, below.
- B. Shall have the effect of vesting in the Company any interest in or control over any part of the Fund, except as provided in Section 5.03, above, or in Section 9.02, below.
- C. Shall affect the rights, duties, or responsibilities of the Trustee and/or insurance company without its consent.
- D. Shall have any retroactive effect to deprive any Participant of his vested interest already accrued, save only that any such amendment may be made retroactive to the extent necessary to conform the Plan to mandatory provisions of applicable federal or state laws, regulations or rulings.

The right to amend the Plan shall be exercised by the Board of Directors of Dana Corporation pursuant to a written resolution; provided, however, that either the Committee or the proper officer or officers of Dana Corporation (including the chairman of the Committee) may amend the Plan to the extent and in the manner expressly provided in the Plan or in a written resolution adopted by the Board of Directors. The adoption of any amendment to the Plan shall be a settlor function undertaken on behalf of Dana Corporation, and not a fiduciary function, even if the amendment is adopted by an individual or group that otherwise serves as a Plan fiduciary.

9.02 PLAN TERMINATION

The Plan was established as a permanent program, and the Company expects to continue the Plan indefinitely. However, the Company reserves the right to terminate the Plan, in whole or in part, at any time by a resolution of the Board of Directors of Dana Corporation. In the event of the partial or complete termination of the Plan, the accrued benefit of any affected Participant shall become nonforfeitable to the extent then funded, except as otherwise required by Section 9.03, below.

Upon the complete termination of the Plan, the assets then remaining under the Plan, after providing for the expenses of the Plan, shall be allocated (to the extent that they are sufficient) for the purpose of providing benefits that have accrued to Participants and their beneficiaries as of the date of such termination, in a manner that is not inconsistent with the order of precedence prescribed by Section 4044 of ERISA.

Any assets remaining in the Fund because of variations in actual from expected actuarial requirements, after the complete satisfaction of all liabilities under the Plan in accordance with the preceding paragraph, shall revert to the Company.

9.03 TERMINATION AND PRE-TERMINATION RESTRICTIONS

- A. BENEFIT RESTRICTION ON TERMINATION. Upon the termination of the Plan pursuant to Section 9.02, the benefit of each highly compensated employee and each highly compensated former employee (both as defined in Section 414(q) of the Code) shall be limited to a benefit that is nondiscriminatory under Section 401(a)(4) of the Code.
- B. BENEFIT RESTRICTION ON DISTRIBUTIONS.
1. The restrictions set forth in this subsection B. shall apply only to a Participant who is one of the 25 highly compensated employees and highly compensated former employees (both as defined in Section 414(q) of the Code) with the greatest compensation from the Company in the current or any prior year. A Participant described in the preceding sentence shall be referred to in this subsection B. as a "Restricted Employee."
 2. Except as provided in paragraph 3., below, the benefits paid in any year to or on behalf of a Restricted Employee shall not exceed the

maximum amount permitted under Treas. Reg. Section 1.401(a)(4)-5(b)(3) or any successor to that regulation, determined after taking into account any applicable exceptions. The portion of any scheduled benefit payment that exceeds the maximum amount described in the preceding sentence shall be referred to in this subsection B. as the "Restricted Amount."

3. The Plan shall distribute the Restricted Amount to or on behalf of a Restricted Employee if the Restricted Employee enters into an agreement to secure any necessary repayment to the Plan of the Restricted Amount, and the Plan Administrator determines that the agreement securing the Restricted Employee's repayment obligation is in all respects consistent with the escrow, bond, or letter of credit arrangements described in Rev. Rul. 92-76. The Plan Administrator may, in its sole discretion, determine which of the three permissible security arrangements the Restricted Employee shall use to secure the Restricted Employee's repayment obligation.

C. DURATION OF RESTRICTIONS.

1. The restrictions imposed under subsection B., above, on any scheduled benefit payment shall be removed, and any escrow or similar security arrangement with respect to the payment under subsection B. shall be released, in the first Plan Year in which the payment would not be restricted under Treas. Reg. Section 1.401(a)(4)-5(b) or any successor regulation.
2. This paragraph 2. shall apply to any benefit payment that was made (or was scheduled to be made) from the Plan before January 1, 1994, and that was subject to the pre-termination restrictions set forth in Treas. Reg. Section 1.401-4(c), as in effect at the time of the payment. The pre-termination restrictions imposed at the time of the payment shall be removed, and any escrow or similar security arrangement with respect to the payment that was required to comply with those restrictions shall be released, in the first Plan Year beginning on or after January 1, 1994, in which the payment would not be restricted under Treas. Reg. Section 1.401(a)(4)-5(b) and this Section 9.03 (or, if earlier, in the first Plan Year in which the distribution would no longer be restricted under Treas. Reg. Section 1.401-4(c)).

- D. INTERPRETATION. This Section 9.03 is intended, and shall be construed,

solely to comply with the pre-termination restrictions in regulations under Section 401(a) of the Code: it shall not impose any limitation on the benefit of any Participant except to the extent necessary to satisfy the applicable pre-termination restrictions.

ARTICLE X
CHANGE IN CONTROL

10.01 CHANGE IN CONTROL

For purposes of the Plan, "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; provided that, without limitation, such a change in control shall be deemed to have occurred if and when (1) 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 Dana Corporation representing twenty percent (20%) or more of the combined voting power of Dana Corporation's then outstanding securities or (2) during any period of 24 consecutive months, commencing before or after July 1, 1988, individuals who at the beginning of such 24-month period were directors of Dana Corporation cease for any reason to constitute at least a majority of the Board of Directors of Dana Corporation. Notwithstanding anything to the contrary in this Plan, the term "person" referred to in clause (1) above of this Section 10.01 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.

10.02 BENEFITS IN THE EVENT OF A CHANGE IN CONTROL

The following amendments to the Plan shall automatically become effective, without the need for any action by the Board of Directors of Dana Corporation, the Committee, or any other person or entity, as of the date on which a Change in Control occurs:

A. Section 1.01 D. shall be amended to read as follows:

"'EARNED BENEFIT ACCOUNT' means the sum of (1) the Employee's or Former Employee's Accrued Benefit Account, and (2) the Employee's or Former Employee's Future Service Account, and (3) the Employee's or Former Employee's Supplemental Benefit Account."

B. The first paragraph of Section 3.01 D. shall be amended to read as follows:

"The Employee's or Former Employee's Earned Benefit Account shall equal the sum of (1) his Accrued Benefit Account plus (2) his Future Service Account plus (3) his Supplemental Benefit Account."

- C. In Section 6. A. of Appendix E (the definition of First Objective Benefit), the second sentence of paragraph (a)(ii) shall be amended to read as follows:

"In no event, however, shall the amount determined in accordance with the preceding sentence exceed 0.59% of the Employee's Final Monthly Earnings (excluding any compensation not subject to FICA tax) at June 30, 1988, reduced in accordance with Treasury regulations if such Final Monthly Earnings exceed \$1,309, multiplied by the number of years and fractional parts thereof of his projected Credited Service three years before his Normal Retirement Date (not in excess of 35) or, if less, his actual Credited Service at the time of a Change in Control."

10.03

AMENDMENT OR ELIMINATION OF CHANGE IN CONTROL PROVISIONS

- A. The Board of Directors of Dana Corporation reserves the right to amend, modify, suspend, or eliminate this Article X prior to the date on which a Change in Control occurs; provided, however, that any such amendment, modification, suspension, or elimination shall be null and void, even if it occurs prior to any Change in Control, if the amendment, modification, suspension, or elimination occurs after the time that a person described in clause (1) of Section 10.01 has become the beneficial owner of securities of Dana Corporation representing five percent (5%) or more of the combined voting power of Dana Corporation's then outstanding voting securities.
- B. No other provision of the Plan shall be amended, modified, suspended, or eliminated, directly or indirectly, in a manner that would alter the meaning or operation of this Article X or that would undermine or frustrate its purposes, on or after the date on which a Change in Control occurs or at any time at which this Article X could not be amended, modified, suspended, or eliminated.

ARTICLE XI

TOP HEAVY PROVISIONS

11.01 GENERAL

For any Plan Year beginning after 1983 for which this Plan is considered a Top-Heavy Plan, the requirements of this Article shall be met in accordance with Code Section 416, and the regulations thereunder, notwithstanding any other Plan provisions to the contrary.

11.02 VESTING

Any Employee who is an active Participant in the Plan during a Plan Year in which the Plan is deemed to be Top-Heavy, or in any Plan Year after a Plan Year in which the Plan is Top-Heavy, who has completed at least two years of Vesting Service but who has not reached Normal Retirement Age, shall have a nonforfeitable right to a percentage of his accrued benefit determined under the following table:

YEARS OF VESTING SERVICE	NONFORFEITABLE %
2	20
3	40
4	60
5 or more	100

Any benefit to which the Employee has a nonforfeitable right pursuant to the preceding sentence, may not become forfeitable at a subsequent date in the event the Plan later ceases to be Top-Heavy.

11.03 MINIMUM BENEFITS

- A. For any year in which this Plan is considered a Top-Heavy Plan, each active Participant who is a Non-Key Employee must derive an accrued benefit from Company contributions, when expressed as an "Annual Retirement Benefit," that is not less than the "Applicable Percentage" of the Participant's average Earnings for years in the "Testing Period." The minimum Annual Retirement Benefit shall be determined without taking into account a Participant's Social Security Benefit. If a Non-Key Employee is

an active Participant both in this Plan and in any other defined benefit plan included in an Aggregation Group that is Top-Heavy, the minimum Annual Retirement Benefit described in this Section 11.03 shall be reduced by the amount of any minimum Annual Retirement Benefit provided under such other Plan.

- B. For purposes of this Section, the term "Applicable Percentage" shall mean the lesser of (1) 2% multiplied by the number of the Participant's years of Vesting Service with the Company (excluding years of Vesting Service completed in Plan Years beginning before January 1, 1984, and years of Vesting Service with respect to which the Plan was not a Top-Heavy Plan in the Plan Years ending during such years of Vesting Service) or (2) 20%; the term "Annual Retirement Benefit" shall mean a benefit payable annually in the form of a single life annuity (with no ancillary benefits) beginning at Normal Retirement Age; and the term "Testing Period" shall mean a period of consecutive years (not exceeding five) during which a Participant had the greatest aggregate Earnings from the Company, adjusted in accordance with Section 416(c)(1)(D) of the Code for years that are not taken into account in determining the Participant's Applicable Percentage.
- C. In any Plan Year in which a Non-Key Employee is an active Participant both in this Plan and in a defined contribution plan included in an Aggregation Group that is Top-Heavy, the Company shall not be required to provide such Non-Key Employee with both the full separate defined benefit plan minimum benefit and the full separate defined contribution plan minimum allocation. Instead, the Participant shall receive the minimum Annual Retirement Benefit described in subsection B., above, and the benefits provided under the defined contribution plan shall be taken into account in determining whether the minimum Annual Retirement Benefit under the Plan has been provided.

11.04

TOP-HEAVY DETERMINATION

This Plan shall be deemed a "Top-Heavy Plan" with respect to any Plan Year in which, as of the Determination Date, the present value of cumulative accrued benefits under the Plan for Key Employees exceeds 60% of the present value of the cumulative accrued benefits under the Plan for all Employees. For purposes of calculating the Top-Heavy Ratio described in the preceding sentence, the present value of an Employee's cumulative accrued benefits shall be determined as of the most recent Valuation Date. In determining the ratio of accrued benefits for Key Employees to accrued benefits for all other Employees, the Plan Administrator

shall use procedures outlined in Section 416(g) of the Code, or in any regulations promulgated under that Section, both of which are incorporated herein by reference. All plans within the Aggregation Group shall be considered in determining whether this Plan is considered a Top-Heavy Plan.

11.05

LIMITATION ON CONTRIBUTIONS AND BENEFITS

If for any Plan Year the Plan is a Top-Heavy Plan, then for purposes of the limitations on contributions and benefits under Section 415 of the Code, the dollar limitations in a Key Employee's Defined Benefit Plan Fraction and his Defined Contribution Plan Fraction shall be multiplied by 1.0, rather than by 1.25.

11.06

DEFINITIONS

For purposes of this Section:

A. "Aggregation Group" means the following:

1. Each plan of the Company in which a Key Employee is a Participant;
2. Each other plan of the Company that enables the plan described in paragraph 1., above, to meet the nondiscrimination requirements of Section 401(a)(4) of the Code or the minimum participation requirements of Section 410 of the Code;
3. At the option of the Company, any other plan maintained by the Company as long as the expanded Aggregation Group including such plan (or plans) continues to satisfy the requirements of Section 401(a)(4) and 410 of the Code.

B. "Determination Date" means with respect to any Plan Year the last day of the preceding Plan Year.

C. "Key Employee" means any individual who, at any time during such Plan Year (or any of the four preceding Plan Years) is:

1. Any officer of the Company whose annual compensation exceeds 50 percent of the maximum dollar limitation in effect under Section 415(b)(1)(A) of the Code for such Plan Year;
2. One of the ten persons employed by the Company owning (or

considered as owning within the meaning of Section 318 of the Code) the largest interest in the Company. (In no event, however, shall an Employee be considered as one of the ten employees owning the largest interest in the Company if such employee earns less than the maximum dollar limitation provided under Section 415(c)(1)(A) of the Code, as in effect for the Plan Year in which the Determination Date falls);

3. Any person owning (or considered as owning within the meaning of Section 318 of the Code) more than five percent of the outstanding stock of the Company, or stock possessing more than five percent of the total combined voting power of such stock; or
 4. Any person owning (or considered as owning within the meaning of Section 318 of the Code) more than one percent of the outstanding stock of the Company, or stock possessing more than one percent of the total combined voting power of such stock, and who has annual compensation of more than \$150,000.
- D. "Non-Key Employee" means any Employee who is not a Key Employee.
- E. "Top-Heavy Ratio" means the percentage calculated in accordance with Section 11.04 of the Plan and Section 416(g)(2) of the Code.
- F. "Valuation Date" means the valuation date for minimum funding purposes under the Plan on or next preceding the Determination Date.

ARTICLE XII

NORMAL, EARLY, AND ACCRUED BENEFITS

12.01 NORMAL RETIREMENT BENEFIT

The normal form of benefit accruing under the Plan is the increasing annuity benefit described in Section 3.04 C., commencing at a Participant's Normal Retirement Date, in an amount described in this Section 12.01. The Accounts maintained in accordance with Section 3.01 represent the present value of such accrued benefits, determined in accordance with Section 12.04.

The amount of the monthly Normal Retirement Benefit, payable for the lifetime of a Participant who retires on or after July 1, 1988, on his Normal Retirement Date, shall equal the sum of (1) the amounts accrued during each Plan Year, as described in A. below, and (2) the Accrued Benefit described in Appendix E, and (3) the Supplemental Benefit described in Appendix E. Such amounts shall be automatically increased each year, as described in B. below.

- A. The benefit accrued for the period from the Adoption Date through the end of the Plan Year in which the Adoption Date occurs shall be determined in accordance with Appendix E. For each Plan Year beginning after the Plan Year in which the Adoption Date occurs, an Employee shall accrue a benefit equal to the sum of (1) the applicable rate from the following table times the Employee's Earnings received while an active Participant during such Plan Year, and (2) such rate times the excess of such Earnings over 1/4th of the maximum Social Security taxable wage base for such Plan Year. However, if the Employee will not have completed 31 full years of Credited Service at the end of the Plan Year in which he will attain age 65 (assuming that he is continuously employed by the Company after the end of the Plan Year in which the benefit described in this paragraph A. accrues), the Employee's rate of benefit accrual shall be reduced 5% per year (compounded annually) for each year that the Employee's full years of Credited Service at the end of the Plan Year in which he will attain age 65 will be less than 31 years.

N is the number of full years of Credited Service at the beginning of the Plan Year.

N	BENEFIT ACCRUAL RATE	N	BENEFIT ACCRUAL RATE
-	-----	-	-----
0	0.000341205976986	15	0.000339193545062
1	0.000324958073320	16	0.000323041470487
2	0.000309483879352	17	0.000307658544274
3	0.000294746551764	18	0.000293008137404
4	0.000280711001680	19	0.000279055368956
5	0.000338635494090	20	0.000342925184585
6	0.000322509994371	21	0.000326595413890
7	0.000307152375592	22	0.000311043251324
8	0.000292526071992	23	0.000296231667928
9	0.000278596259040	24	0.000282125398026
10	0.000349118119098	25	0.000335863569079
11	0.000332493446760	26	0.000319870065789
12	0.000316660425486	27	0.000304638157895
13	0.000301581357605	28	0.000290131578947
14	0.000287220340577	29	0.000276315789474
		30	0.000336842105263
		or more	

- B. The increases in an Employee's or Former Employee's Earned Benefit (and in the Supplemental Benefit that could accrue in the future) during the Transition Period shall be determined in accordance with Appendix E. On the last day of each Plan Year ending after the Transition Period, each Employee's or Former Employee's Earned Benefit as of the beginning of the Plan Year (and the Supplemental Benefit that could accrue in the future) shall be increased by a cost-of-living escalator percentage for such Plan Year. The applicable percentage for the Plan Year shall be as indicated in Appendix H. Except as provided in Section 3.03 B., no benefit described in Section 12.01 A. shall be increased during the Plan Year in which it is accrued. In addition, no benefit described in this Section 12 shall be increased after the Benefit Commencement Date for any portion of such benefit.

The Committee may increase the applicable escalator percentage for any

Plan Year by adopting a written resolution that adds the increased percentage to the table in Appendix H.

- C. An Employee shall not accrue any benefits under Section 12.01 A., above, with respect to the Plan Year in which he is first employed by the Company. An individual shall not accrue any benefits under Section 12.01 A., above, with respect to any Plan Year unless the individual is, at some time during such Plan Year, either an Employee or an individual described in Section 3.02. An individual who is otherwise eligible to accrue benefits under Section 12.01 A., above, with respect to a Plan Year shall not fail to accrue such benefits solely because he completes less than 1,000 Hours of Service in that Plan Year.
- D. The amount of the monthly Normal Retirement Benefit shall not be less than the greatest monthly Early Retirement Benefit to which the Employee would have been entitled had he retired in accordance with Section 2.04 before his Normal Retirement Date.

12.02 EARLY RETIREMENT BENEFIT

The amount of the monthly Early Retirement Benefit payable for the lifetime of an Employee who retires on or after the Adoption Date on his Early Retirement Date shall equal the retirement benefit described in Section 12.01, actuarially reduced by multiplying it by the ratio of 190 to the factor indicated in Appendix C.

12.03 POSTPONED RETIREMENT BENEFIT

The amount of the monthly Postponed Retirement Benefit payable for the lifetime of an Employee who retires on or after the Adoption Date shall equal the retirement benefit described in Section 12.01, actuarially increased by multiplying it by the ratio of 190 to the factor indicated in Appendix C.

12.04 PRESENT VALUE OF ACCRUED BENEFITS

The present value of the monthly annuity benefit described in Section 12.01 shall equal 190 times such benefit, except that any benefit described in Section 12.01 A. shall be discounted 5% per year (compounded annually) for each year that the lump-sum payment date precedes the earlier of (a) the end of the Plan Year in which the Participant will complete 31 full years of Credited Service (assuming continuous employment by the Company after the Plan Year in which such benefit was accrued) and (b) the end of the Plan Year in which the Participant will attain

age 65.

In no event, however, shall such lump-sum amount be less than the present value of such retirement benefit, based on the factors indicated in Appendix C and the assumption that the Consumer Price Index will increase 4% per year.

The lump-sum payment as of any date within a Plan Year shall be determined by straight line interpolation between the lump-sum payment that would be made at the beginning and the end of the Plan Year, except for benefits accrued during that Plan Year, with respect to which the lump-sum payment shall be the amount that would be payable at the end of such Plan Year.

ARTICLE XIII

RETIREE BENEFIT IMPROVEMENTS

13.01 OCTOBER 1, 1990, IMPROVEMENT

Effective October 1, 1990, the monthly basic benefits (excluding Temporary and Medicare Benefits) shall be increased by six percent (6%) for Retired Employees who retired after December 31, 1984, and before January 1, 1988. In addition, and also effective October 1, 1990, the monthly benefits (excluding Temporary and Medicare Benefits) shall be increased six percent (6%) for beneficiaries of deceased Retired Employees who retired after December 31, 1984, and before January 1, 1988, and for Surviving Spouses of Employees whose benefits commenced during that period.

Also effective October 1, 1990, the monthly basic benefits (excluding Temporary and Medicare Benefits) shall be increased by ten percent (10%) for Retired Employees who retired before January 1, 1985. In addition, and also effective October 1, 1990, the monthly benefits (excluding Temporary and Medicare Benefits) shall be increased ten percent (10%) for beneficiaries of deceased Retired Employees who retired before January 1, 1985, and for Surviving Spouses of Employees whose benefits commenced prior to January 1, 1985.

The increases described in this Section 13.01 shall not be payable to:

- A. Former Employees with deferred vested rights under the Plan and employees with a deferred vested right under a Merged Plan; or
- B. Any Retired Employee, beneficiary, or Surviving Spouse who elected or received a lump sum option under the Plan or under a Merged Plan.

For purposes of this Section 13.01, the term "Retired Employee" means any person who at the time he retired was covered under the Dana Corporation Retirement Income Plan (001), or under any Merged Plan (as defined in the following paragraph), but excludes former employees who at the time they terminated employment were eligible to receive a deferred vested monthly retirement benefit under the Dana Corporation Retirement Income Plan (001), or under any Merged Plan.

For purposes of this Section 13.01, and for no other purpose under the Plan, the

term "Merged Plan" shall mean each of the plans listed below that were merged with the Dana Corporation Retirement Plan (001):

Industrial Power Transmission Division, Dana Corporation
Hourly Production Employees Pension Plan (031)

Dana Corporation Weatherhead Division Pension Plan for
Salaried Employees (037)

The Dana Corporation Hyco Division Retirement Income Plan
(039)

The Dana Corporation Weatherhead Division General Pension
Plan (041)

Gresen Manufacturing Division Management Pension Plan (046)

The Dana Corporation Retirement Plan for Salaried Employees
of Boston Industrial Products Division (047)

The Retirement Plan for Management Employees of Racine
Hydraulics Division, Dana Corporation (053)

Dana Corporation Pension Plan for Hourly Employees of the
Racine Hydraulics Division - Sarasota Operations (055)

Tyrone Salaried Pension Plan (059)

Warner Electric Brake & Clutch Company Uniform Salaried
Employees Retirement Plan (065)

PSI Hourly Employees' Pension Plan (067)

Alcoils Hourly Employees' Pension Plan (068)

Marengo Hourly Employees' Pension Plan (069)

IN WITNESS WHEREOF, Dana Corporation has adopted this amended and restated plan document, including the amended and restated appendices to the Plan, on this 13 day of December, 1994.

For Dana Corporation

Robert C. Richter

Robert C. Richter
Chairman, Investment Committee

Witness:

Mark A. Smith Jr.

THE DANA CORPORATION

RETIREMENT PLAN

APPENDIX E

AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 1994

THE DANA CORPORATION RETIREMENT PLAN

APPENDIX E
TRANSITION RULES

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APPENDIX E

TRANSITION RULES

PART I. PROVISIONS APPLICABLE TO PARTICIPANTS IN THE PLAN
AS OF JUNE 30, 1988

1. ELIGIBLE EMPLOYEES

The special provisions in this Part I of Appendix E shall apply to any individual who had an undistributed accrued benefit under the Plan as of June 30, 1988, and who is an Employee on July 1, 1988. If an individual had an undistributed accrued benefit under the Plan as of June 30, 1988, and such individual becomes an Employee after July 1, 1988, the special provisions in this Part I shall apply to such individual in the manner prescribed by Section 17 of Part I, below.

If an individual transferred out of the Plan before July 1, 1988, and if the individual works for Dana Corporation on July 1, 1988, but is not an Employee on or after July 1, 1988, the special provisions of this Part I (other than Sections 10 and 13 of this Part I) shall apply to such individual, with the following modifications:

- (i) In determining the individual's Supplemental Benefit Account under Section 5 hereof, paragraph 5(c) shall be disregarded; and
- (ii) In determining the individual's First Objective Benefit under Section 6 A. hereof, each calculation shall be based on the individual's Credited Service as of July 1, 1988, rather than on his projected Credited Service three years before his Normal Retirement Date.

An individual shall not be eligible for any benefit under this Part I unless he is described in this Section 1.

2. ADOPTION DATE

The Adoption Date with respect to individuals described in this Part I shall be July 1, 1988.

3. PARTICIPATING EMPLOYERS

Any facility of a division, subsidiary, or affiliate of Dana Corporation (other than a foreign affiliate described in Appendix F) whose employees were eligible to accrue benefits under the Plan as of June 30, 1988, shall be deemed to be an Employer for purposes of the Plan. A facility whose employees were not eligible to accrue benefits under the Plan as of June 30, 1988, shall not be deemed to be an Employer for purposes of this Part I.

4. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of July 1, 1988, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit shall equal the greater of (a) or (b), where Final Monthly Earnings, Primary Social Security Benefit and Credited Service are as defined in the Plan as in effect on June 30, 1988:

- (a) The excess of (i) over (ii):
 - (i) 1.6% of the Employee's Final Monthly Earnings at June 30, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service at June 30, 1988, discounted 7% per year (compounded annually) for each year that July 1, 1988, precedes the Employee's Normal Retirement Date, and multiplied by $86.037/190$ ths.
 - (ii) 2.0% of the Employee's Primary Social Security Benefit at June 30, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service at June 30, 1988 (not in excess of 25), discounted 7% per year (compounded annually) for each year that July 1, 1988, precedes the Employee's Normal Retirement Date, and multiplied by $86.037/190$ ths.
- (b) \$15.00, multiplied by the number of years and fractional parts thereof of his Credited Service at June 30, 1988, discounted 7% per year (compounded annually) for each year that July 1, 1988, precedes the Employee's Normal Retirement Date, and multiplied by $86.037/190$ ths.

5. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of July 1, 1988, shall equal the greatest of (1) the excess of (a) over the sum of (b) and (c), or (2) the excess of (d) over (b), or (3) the excess of (e) over (b):

- (a) 190 times the First Objective Benefit described below.
- (b) 190 times the Accrued Benefit as of July 1, 1988.
- (c) the sum of the credits expected to be made in accordance with Section 3.01 B. from July 1, 1988, until three years before the Employee's Normal Retirement Date, discounted 7% per year (compounded annually) from the date each such credit is expected to be made to July 1, 1988, using the assumptions described in Section 6. B. of this Part I.
- (d) 190 times the Second Objective Benefit described below.
- (e) 190 times the Third Objective Benefit described below.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after July 1, 1988, to the number of years and months from July 1, 1991, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before July 1, 1988, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

6.

FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the greater of (a) or (b), where Final Monthly Earnings, Primary Social Security Benefit and Credited Service are as defined in the Plan as in effect on June 30, 1988:

- (a) The excess of (i) over (ii):
 - (i) 1.6% of the Employee's projected Final Monthly Earnings three years before his Normal Retirement Date, multiplied by the number of years and fractional parts thereof of his projected Credited Service three years before his Normal Retirement Date, discounted 7% per year (compounded annually) for each year that July 1, 1991, precedes the Employee's Normal Retirement Date, multiplied by 91.553/190ths and, unless the Employee was age 45 or older and an active participant in the Plan on December

31, 1983, multiplied by 85%.

- (ii) 2.0% of the Employee's projected Primary Social Security Benefit three years before his Normal Retirement Date, multiplied by the number of years and fractional parts thereof of his projected Credited Service three years before his Normal Retirement Date (not in excess of 25), discounted 7% per year (compounded annually) for each year that July 1, 1991, precedes the Employee's Normal Retirement Date, multiplied by 91.553/190ths and, unless the Employee was age 45 or older and an active participant in the Plan on December 31, 1983, multiplied by 85%.

- (b) \$15.00, multiplied by the number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date, discounted 7% per year (compounded annually) for each year that July 1, 1991, precedes the Employee's Normal Retirement Date, multiplied by 91.553/190ths and, unless the Employee was age 45 or older and an active participant in the Plan on December 31, 1983, multiplied by 85%.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Final Monthly Earnings and projected Primary Social Security Benefit shall be determined assuming:

- (a) The Employee's 1988 Earnings will equal the greatest of (1) his basic salary for the period January 1, 1988, to June 30, 1988, annualized, plus the excess of his Earnings over his basic salary for such period, (2) 105% of his 1987 Earnings, and (3) 110% of his 1986 Earnings.
- (b) his Earnings for subsequent years increase at the rate of 5.0% per year.
- (c) Earnings for any part of a year will be a pro rata part of the projected earnings for the entire year.
- (d) his previous Earnings increased at a rate of 6% per year, and were of such amounts that the Employee's average Earnings for 1985 to 1987 equal his Final Monthly Earnings as of June 30, 1988; the maximum taxable Social Security wage bases after 1988 increase at the rate of 4.0% per year; and increases in Social

Security benefits on account of changes in the Consumer Price Index are at the rate of 3.5% per year.

7. SECOND OBJECTIVE BENEFIT

Each Employee's Second Objective Benefit shall be the same as his First Objective Benefit, except that:

- (a) his Credited Service shall be as of June 30, 1988, rather than projected to three years before his Normal Retirement Date.
- (b) his Earnings for years after 1988 shall be assumed to increase at the rate of 4.5% per year.
- (c) the maximum taxable Social Security wage bases after 1988 shall be assumed to increase at the rate of 3.5% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index are at the rate of 3.0% per year.

8. THIRD OBJECTIVE BENEFIT

Each Employee's Third Objective Benefit shall be the same as his Second Objective Benefit, except that:

- (a) it shall be based on his projected Final Monthly Earnings at Normal Retirement Date and projected Primary Social Security Benefit at Normal Retirement Date.
- (b) the 7% discount shall be applied for each year that July 1, 1988, precedes his Normal Retirement Date.
- (c) the fraction 86.037/190ths shall be substituted for the fraction 91.553/190ths.

9. COMPENSATION LIMIT

- A. \$200,000 COMPENSATION LIMIT. If an Employee's Earnings exceed \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code) for any Plan Year (including Plan Years commencing before July 1, 1988), his Accrued Benefit, Accrued Benefit Account, Supplemental Benefit, and Supplemental Benefit Account shall be determined without regard to any Earnings or projected Earnings in excess of

\$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code).

B. \$150,000 COMPENSATION LIMIT.

- (a) If an Employee's Supplemental Benefit and Supplemental Benefit Account at December 31, 1993, are based on 1988 Earnings (as defined in paragraph (a) of Section 6. B.) that exceeded \$150,000, the Employee's Supplemental Benefit and Supplemental Benefit Account shall be recalculated as if his 1988 Earnings had been limited to \$150,000. On and after January 1, 1994, the Employee's Credited Service ratio shall be applied to his recalculated Supplemental Benefit and Supplemental Benefit Account in order to determine the portion of his Supplemental Benefit and Supplemental Benefit Account that the Employee earns in Plan Years beginning after 1993.
- (b) In no event shall the recalculation of the Employee's Supplemental Benefit and Supplemental Benefit Account to reflect the \$150,000 compensation limit reduce the Employee's Earned Benefit and Earned Benefit Account below the amount that the Employee had accrued as of December 31, 1993.
- (c) The recalculated Supplemental Benefit and Supplemental Benefit Account described in paragraph (a) shall be credited with percentage increases under the regular provisions of Appendix H. The Supplemental Benefit and Supplemental Benefit Account that the Employee had earned at the end of 1993, as described in paragraph (b), shall be credited with percentage increases under the two-tier method described in Appendix H for benefits affected by the \$150,000 limit. The Employee's Supplemental Benefit and Supplemental Benefit Account shall be the larger of the two amounts calculated in accordance with the preceding two sentences.
- (d) If an Employee's Supplemental Benefit and Supplemental Benefit Account at December 31, 1993, are not based on 1988 Earnings that exceeded \$150,000, the Employee's Supplemental Benefit and Supplemental Benefit Account shall continue to be calculated under the regular provisions of the Plan and Appendix E, without regard to this Section 9.B.

10. FUTURE SERVICE ACCOUNTS

At December 31, 1988, the Employee's Future Service Account shall be established equal to the percentage, determined in accordance with the table in Section 3.01 B., of the Employee's Earnings during the period July 1, 1988, to December 31, 1988, except that (i) the percentage in the second column shall apply to Earnings up to \$5,625 (1/8th of the maximum Social Security taxable wage base for 1988), (ii) the percentage in the third column shall apply to Earnings in excess of \$5,625, and (iii) Credited Service shall be determined as of July 1, 1988. Notwithstanding Section 3.01 B., such an Account shall be established for any Employee first hired by the Company before July 1, 1988, provided that the Employee is an active Participant in the Plan on July 1, 1988.

The credits described in Section 3.01 B. shall be applicable for the 1989 and subsequent Plan Years.

11. INTEREST CREDITS DURING TRANSITION PERIOD

For purposes of this Part I of Appendix E, the "Transition Period" shall be the period from July 1, 1988, through December 31, 1989. Interest credits during such Transition Period shall be determined as follows:

Section 3.01 C. notwithstanding, at December 31, 1988, an Employee's or Former Employee's Accrued Benefit Account and Supplemental Benefit Account shall be increased by 3.5% of the account balance at July 1, 1988; and at December 31, 1989, such accounts, and the Employee's or Former Employee's Future Service Account, shall be increased by 7.0% of the account balance at January 1, 1989.

The increases described in Section 3.01 C. shall be applicable for the 1990 and subsequent Plan Years.

12. EARNED BENEFIT; EARNED BENEFIT ACCOUNT

Except as otherwise provided in Section 10.02, the Employee's or Former Employee's Earned Benefit Account shall equal the sum of (1) his Accrued Benefit Account plus (2) his Future Service Account plus (3) the product of (a) his Supplemental Benefit Account, if any, times (b) the ratio (not to exceed 1.0) of his Credited Service after July 1, 1988, to the number of years and months from July 1, 1991, to the Employee's Normal Retirement Date.

13. ANCILLARY BENEFIT ACCOUNT

An Ancillary Benefit Account shall be established for each Participant who is an Employee as of July 1, 1988, equal to \$2,134 discounted by 7% per year (compounded annually) for each year that July 1, 1988, precedes the Participant's Normal Retirement Date. Such Ancillary Benefit Account shall be increased at the end of each Plan Year in the manner described in Section 3.01 C.

The Ancillary Benefit Account shall be added to the Participant's Earned Benefit Account and paid in the form applicable to such Earned Benefit Account upon the death of the Participant with a Surviving Spouse, or upon the Participant's retirement on his Normal, Early, or Postponed Retirement Date, provided that the Participant or Surviving Spouse demonstrates to the Company that he has paid, or will in the future continue to pay, the Medicare Part B premium.

No Ancillary Benefit Account shall be payable with respect to a Participant who terminates his employment with the Company (other than by his death with a Surviving Spouse) prior to the earliest of his Normal, Early, or Postponed Retirement Date.

14. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Plan in effect as of June 30, 1988 (without regard to amendments that are effective after June 30, 1988), based on the Participant's Credited Service, Final Monthly Earnings, and Primary Social Security Benefit as of June 30, 1988, and his Vesting Service as of the date of termination or retirement.

If a Participant retires on or before July 1, 1993, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Plan in effect as of June 30, 1988, based on the Participant's Credited Service, Final Monthly Earnings, and Primary Social Security Benefit as of the Employee's retirement date. Such amount shall be determined without regard to amendments that are effective after June 30, 1988, except that:

- A. effective January 1, 1989, no Earnings in excess of \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code) shall be taken into account, and

- B. effective July 1, 1988, the value of any Temporary Retirement Benefit shall equal at least 50% of the value of such Temporary Retirement Benefit were it payable through the month in which the Participant attains age 65, and
- C. effective May 1, 1989, for any Participant who, except for age, would have been eligible for a Temporary Retirement Benefit, a monthly Temporary Retirement Benefit shall be payable through the month in which the Participant attains age 65. Such benefit amount shall equal the Participant's Social Security offset calculated pursuant to Section 3.01 A. of the Plan (as in effect on June 30, 1988) and reduced, if applicable, for early retirement.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 14, the Participant's increasing annuity benefit provided under Section 3.04 C. of the Plan shall be increased by the same percentage.

If a Participant is eligible to retire on July 1, 1993, but retires after July 1, 1993, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on July 1, 1993, plus (b) increases thereon from July 1, 1993, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

This Section 14 shall also apply to a transferred employee who is described in the second paragraph of Section 1; but Section 14 shall not apply to any individual who was not employed by the Company on July 1, 1988.

15.

TRANSFERS FROM CERTAIN PLANS

- A. This subsection A. of Section 15 shall apply to any Employee who was transferred, before July 1, 1988, from a position covered by a Company pension plan listed in subsection B., below, to a position covered by the Plan. This subsection A. shall apply only with respect to a Company pension plan listed in subsection B., below (the "transferor plan") in which the Employee participated immediately before he became a participant in the Plan; this subsection A. shall not apply with respect to any plan in which the Employee participated before he became a participant in the transferor plan. For purposes of determining such Employee's

Accrued Benefit, Accrued Benefit Account, Supplemental Benefit, and Supplemental Benefit Account, Credited Service shall include all service credited under the transferor plan with respect to which a benefit is payable from such plan.

An Employee described in this subsection A. shall receive from the transferor plan any benefit that accrued before July 1, 1988, and to which he is entitled under such plan, and his benefit under the Plan shall be the excess of (1) the benefit otherwise payable pursuant to the Plan, over (2) the corresponding benefit (if any) that accrued before July 1, 1988, under the transferor plan.

B. Subsection A of this Section 15 shall apply to the following Company pension plans:

- 003 Dana - U.A.W. Pension Agreement
- 004 Dana Corporation Pension Plan for Spicer Axle Employees of Local No. 903, A.I.W., Fort Wayne, Indiana
- 005 Dana - A.I.W. Pension Agreement
- 006 Dana Corporation Pension Plan for Members of Local Union No. 3733 United Steelworkers of America (AFL-CIO)
Parish Division - Reading Plant
- 007 Pension Agreement Between Dana Corporation - Perfect Circle Division and United Steelworkers of America, Local 2754
- 008 Dana Corporation Pension Plan for Members of Local No. 4206 United Steelworkers of America (AFL-CIO), Pueblo Piston Plant, Perfect Circle Division
- 010 Dana Corporation Distribution Center and Victor Seal Division Churubusco Pension Plan for Hourly- Paid Employees at the Churubusco, Indiana, Plants
- 013 Dana Corporation Victor Products Division Chicago Plant U.A.W. Local 1648 Pension Agreement
- 015 Dana Corporation Victor Products Division Pension Plan

for Hourly Paid Employees at the Robinson, Illinois Plant

- 026 Dana Corporation Pension Plan for Members of Local No. 1355 U.A.W., Hillsdale Production & Maintenance Unit
- 028 Supplemental Agreement Retirement Plan for Plant Guards Dana Corporation Midwest Frame Division, Ecorse Plant & International Union United Plant Guard Workers of America Local No. 114
- 029 Dana Corporation Pension Plan for Members of Local No. 644 U.A.W., Berwick Production & Maintenance Unit
- 032 Dana Corporation Pension Plan for Members of Local No. 1897, U.A.W., Havana Production and Maintenance Unit
- 033 Dana Corporation Pension Plan for Employees of Local No. 125, U.A.W., Plymouth, Minnesota
- 034 Dana Corporation Pension Plan for Spicer Axle Employees of Local No. 1405, U.A.W., Syracuse, Indiana

C. This subsection C. of Section 15 shall apply to an Employee or former Employee who meets both of the following requirements:

- i. The Employee or former Employee was transferred, before June 14, 1992, from a position covered by the Dana Corporation Pension Plan for Spicer Axle Employees of Local No. 903, A.I.W., Fort Wayne, Indiana ("Plan 004") to a position covered by the Plan at a facility where the Employee had seniority under the collective bargaining agreement between the Company and Local No. 903, A.I.W.; and
- ii. The Employee or former Employee either (a) was still an active Participant in the Plan on June 13, 1992, or (b) had terminated employment with the Company before June 14, 1992, while he was an active Participant in the Plan.

If an individual is covered by this subsection C. under the rules set forth above, the credited service that the individual had earned under Plan 004 before he was transferred to the Plan shall be recognized for all purposes as Credited Service under the Plan (as in effect on the date of the individual's transfer). Accordingly, if

the individual was an Employee on July 1, 1988, the credited service that the individual had earned under Plan 004 shall be taken into account for purposes of determining his Accrued Benefit, Accrued Benefit Account, Supplemental Benefit, and Supplemental Benefit Account under the Plan (as provided above in subsection A.), and shall also be taken into account for purposes of calculating any five-year grandfather benefit to which he is entitled under Section 14, above. If the individual was not an Employee on July 1, 1988, but the individual is later re-hired by the Company as an Employee, the credited service that the individual had earned under Plan 004 shall be taken into account for purposes of calculating any benefit to which he is entitled under Section 17, below.

This subsection C. of Section 15 shall not apply to any individual who had been re-transferred to Plan 004 before June 14, 1992, or to any individual who was first transferred from Plan 004 to the Plan on or after June 14, 1992. The benefit of any individual described in the preceding sentence shall be determined as set forth above in subsection A. of this Section 15 (if applicable), and in Section 4.01 of the Plan.

16. PERSONS WITH SERVICE UNDER CERTAIN PLANS BEFORE JULY 1, 1988

- A. The Gerbing Manufacturing Corporation Retirement and Thrift Plan was terminated by Dana Corporation effective June 30, 1976, and account balances for salaried participants were transferred to the Savings and Investment Plan for Management Employees of Dana Corporation. The amendment terminating the plan provided that the actuarial equivalent of the amount attributable to the Participant's Initial and Basic account value as of December 31, 1975, would be used to reduce the benefit attributable to service prior to January 1, 1976, provided under any other qualified Retirement Plan maintained by the Company in which such employees may become eligible to participate.

The following individuals participating in the Plan on June 30, 1988, received Credited Service under the Plan for service before January 1, 1976. The actuarial equivalent of their account value expressed as a single life monthly benefit commencing at age 65 was determined using a 6% interest factor and the 1971 TPF&C Forecast Mortality table. Their accrued benefit under this Plan shall be reduced by the actuarial equivalent of the monthly benefit thus determined as indicated.

Name	Soc. Sec. Number	Monthly Benefit Offset	Opening Balance Offset
----	-----	-----	-----
Eisbrener	###-##-####	\$265.10	\$8361.00
Knous	###-##-####	\$229.26	\$5935.00

- B. The Dana Corporation Pension Plan for Members of Local No. 1897, U.A.W., Havana Production and Maintenance Unit was terminated, effective December 5, 1981 and immediate or deferred annuities were purchased for all vested participants.

The following individuals participating in the Plan on June 30, 1988, received Credited Service under the Plan in accordance with the provisions of Appendix E, Part 1, Section 15. Accordingly, their accrued benefit under this Plan shall be reduced by the actuarial equivalent of the monthly benefit used to determine the annuity purchased for them under the Havana Plan as indicated.

Name	Soc. Sec. Number	Monthly Benefit Offset	Opening Balance Offset
----	-----	-----	-----
Steging	###-##-####	\$156.75	\$3369.00
Taylor	###-##-####	\$ 72.74	\$2973.00

- C. As part of the acquisition of the Spicer Heavy Axle facility from Napco Industries, Inc., certain individuals participating in the Plan on June 30, 1988, received Credited Service under the Plan for prior service under the Napco Industries, Inc. Profit Sharing Plan and Trust. They also received a distribution of their accrued benefit from that plan. The actuarial equivalent of the distribution received expressed as a single life monthly benefit commencing at age 65 was determined using a 7% interest factor and the 1971 TPF&C Forecast Mortality table.

Their accrued benefit under this Plan shall be reduced by the actuarial equivalent of the monthly benefit thus determined under the Napco plan times the ratio of their Napco service to their total service were it projected to age 65. The following list identifies those affected individuals and the amount of their offsets.

Name	Soc. Sec. Number	Monthly Benefit Offset	Opening Balance Offset
----	-----	-----	-----

Klevann	###-##-####	\$ 105.02	\$ 2017.00
Morgan	###-##-####	26.51	1563.00
Schwerin	###-##-####	121.45	3383.00
Stacken	###-##-####	38.81	608.00
Staley	###-##-####	61.60	3653.00
Stansbury	###-##-####	177.41	8349.00
Thompson	###-##-####	10.83	273.00
Tritten	###-##-####	5.49	86.00
Weigel	###-##-####	15.36	183.00
Wylie	###-##-####	94.80	1461.00
Schram	###-##-####	35.08	517.00
Berg	###-##-####	21.42	374.00
Boersma	###-##-####	172.10	5217.00
Endrizzi	###-##-####	146.51	3466.00
Hakel	###-##-####	47.92	1121.00
Wold	###-##-####	87.74	1984.00
Hoffman	###-##-####	54.84	1388.00
Gimpel	###-##-####	18.35	585.00

17. FORMER PARTICIPANTS REJOINING THE PLAN

If an individual terminated his employment with the Company on or before June 30, 1988, but did not receive a distribution of his entire accrued benefit under the Plan, and if such individual becomes an Employee after July 1, 1988, such individual shall not be entitled to a Supplemental Benefit Account or an Ancillary Benefit Account. The Accrued Benefit Account of an individual described in this paragraph shall be established as described in Section 4(a), above, with the following modifications: (i) such Accrued Benefit Account shall be determined as of the date such individual again becomes an Employee rather than as of July 1, 1988; (ii) such individual's Final Monthly Earnings and Primary Social Security Benefit shall be determined as of the date such individual previously terminated employment; and (iii) the numerator of the fraction used to convert such individual's monthly benefit to a present value shall be the lump-sum discount factor that is in effect as of the date such individual again becomes an Employee rather than 86.037, and the denominator of the fraction shall be 190.

18. CERTAIN DISABLED EMPLOYEES

An individual who is a disabled Employee on the Adoption Date shall not be entitled to a Supplemental Benefit Account. The Accrued Benefit Account of an individual described in this paragraph shall be established as provided in Section 4, above.

19. SECTION 12.01 A. ACCRUALS

The accruals described in Section 12.01 A. shall be applicable for the 1989 and subsequent Plan Years.

The benefit to be accrued for the period July 1, 1988, to December 31, 1988 shall be determined pursuant to Section 12.01 A., based on the Employee's Earnings during such period, and based on the excess of such Earnings over \$5,625 (1/8th of the maximum Social Security taxable wage base for 1988).

20. SECTION 12.01 B. COST-OF-LIVING INCREASES DURING TRANSITION PERIOD

The increases described in Section 12.01 B. shall be applicable during the Transition Period (as defined in Section 11, above), except that:

- A. At December 31, 1988, the Employee's previously accrued benefit (and the Supplemental Benefit that could accrue in the future) shall be increased by 3.5% of such amount at July 1, 1988.
- B. At December 31, 1989, the Employee's previously accrued benefit (and the Supplemental Benefit that could accrue in the future) shall be increased by:
 - i. 1.90476% of such amount at January 1, 1989, if the benefit would not otherwise be increased on account of the second paragraph of Section 12.01 B., or
 - ii. 7.0% of such amount at January 1, 1989, if otherwise.

PART II: PROVISIONS APPLICABLE TO MERGED PLANS AND EMPLOYERS ADOPTING THE PLAN AFTER 1988

SUBPART II(A): UNIFORM PROVISIONS

1. GENERAL

The divisions and facilities of Dana Corporation that are identified in Section 2 have adopted the Plan with respect to their eligible Employees (as defined in Section 1.11 of the Plan), effective as of the Adoption Dates indicated in Section 2. The plans that are identified in Section 3 have been merged with the Plan, effective as of the dates indicated in Section 3. This Part II of Appendix E sets forth transition rules and other special provisions that are applicable to eligible Employees of the adopting divisions or facilities, and to individuals covered by the merged plans.

Subpart II(A) sets forth provisions that are uniformly applicable (except as otherwise provided) to all individuals described in this Part II. Subparts II(B) through II(AA) set forth provisions that are applicable only to employees or former employees of the particular divisions or facilities identified in those subparts, and to the beneficiaries of such employees or former employees.

2. ADOPTION DATE; PARTICIPATING EMPLOYERS

Each of the following entities shall be deemed to be an Employer for purposes of the Plan as of the Adoption Date indicated below:

	EMPLOYER	ADOPTION DATE
	-----	-----
DIVISIONS: -----	Boston Industrial Products Division Weatherhead Division (except the Vinita, Oklahoma, facility)	
	Mobile Fluid Products Division (except the Arab, Alabama, facility)	
	Warner Electric Brake & Clutch Division (except the Charlotte, North Carolina, facility, the Lancaster, South Carolina, facility, and the Superior Electric Company)	

FACILITIES:	EMPLOYER	ADOPTION DATE
	Ashland, Ohio	January 1, 1989
	Calhoun, Georgia	January 1, 1989
	Columbia, Missouri	January 1, 1989
	Columbia, South Carolina	January 1, 1989
	Dana Commercial Credit at Troy, Michigan	January 1, 1989
	Dowagiac, Michigan	January 1, 1989
	Fredericktown, Ohio	January 1, 1989
	Russellville, Arkansas	January 1, 1989
	Sarasota, Florida	January 1, 1989
	Arab, Alabama	July 1, 1989
	Buena Vista, Virginia	January 1, 1990
	Danville, Kentucky	January 1, 1990
	Laurinburg, North Carolina	January 1, 1990
	Lugoff, South Carolina	January 1, 1990
	Troy, Michigan, facility of the Beaver Aerospace Division	January 1, 1990
	Cape Girardeau, Missouri	January 1, 1991
	Hopkinsville, Kentucky	January 1, 1991
	Charlotte, North Carolina	January 1, 1992
	Lancaster, South Carolina	January 1, 1992
	Hilliard, Ohio	January 1, 1993
	Oklahoma City, Oklahoma (Air Refiner)	January 1, 1993
	Hastings, Nebraska (Perfect Circle)	January 1, 1994
	Mishawaka, Indiana	January 1, 1994

If a facility listed above is part of a division that has a different Adoption Date (or no Adoption Date), the Adoption Date of the facility shall be controlling for that facility.

Hourly employees at the Warner Electric Brake & Clutch Division (including the San Marcos, Texas, and Mt. Pleasant, Michigan, facilities); the Dowagiac, Michigan, facility; and the Sarasota, Florida, facility shall be deemed to be salaried employees for purposes of Section 1.11 of the Plan. However, an hourly employee described in the preceding sentence shall be ineligible to participate in the Plan as long as the hourly employee fails to satisfy any part of

the definition of "Employee" in Section 1.11 (other than the requirement that the individual be a salaried employee).

3. MERGED PLANS

The following qualified defined benefit plans (the "Merged Plans") have been merged with the Plan as of the dates indicated below:

As of December 31, 1988:

- 037 The Dana Corporation Weatherhead Division Pension Plan for Salaried Employees (the "Weatherhead Salaried Plan");
- 039 The Dana Corporation Hyco Division Retirement Income Plan (the "Hyco Salaried Plan");
- 041 The Dana Corporation Weatherhead Division General Pension Plan (the "Weatherhead General Plan");
- 047 The Dana Corporation Retirement Plan for Salaried Employees of Boston Industrial Products Division (the "BIP Plan");
- 050 The Dana Corporation Spicer Axle Salaried Pension Plan (the "Spicer Salaried Plan");
- 053 The Retirement Plan for Management Employees of Racine Hydraulics Division, Dana Corporation (the "Racine Salaried Plan");
- 055 The Dana Corporation Pension Plan for Hourly Employees of the Racine Hydraulics Division -Sarasota Operations (the "Sarasota Hourly Plan").

As of December 31, 1989:

- 031 The Industrial Power Transmission Division, Dana Corporation Hourly Production Employees Pension Plan (the "IPTD Pension Plan");
- 046 The Gresen Manufacturing Division Management Pension Plan (the "Gresen Salaried Plan");
- 059 Tyrone Salaried Pension Plan (the "Tyrone Salaried Plan");
- 065 The Warner Electric Brake & Clutch Company Uniform Salaried Employees' Retirement Plan (the "Warner Uniform Salaried Plan");

- 067 The PSI Hourly Employees' Pension Plan (the "PSI Hourly Plan");
- 068 The Alcoils Hourly Employees' Pension Plan (the "Alcoils Hourly Plan");
- 069 The Marengo Hourly Employees' Pension Plan (the "Marengo Hourly Plan").

As of December 31, 1991:

- 098 The Warner Control Techniques Retirement Plan (the "WCT Retirement Plan").

4. COMPENSATION LIMIT

- A. \$200,000 COMPENSATION LIMIT. If an Employee's Earnings exceed \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code) for any Plan Year (including Plan Years commencing before the Adoption Date), his Accrued Benefit, Accrued Benefit Account, Supplemental Benefit, and Supplemental Benefit Account shall be determined without regard to any Earnings or projected Earnings in excess of \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code).

- B. \$150,000 COMPENSATION LIMIT.

- (a) If an Employee's Supplemental Benefit and Supplemental Benefit Account at December 31, 1993, are based on annual compensation (for any year preceding the Adoption Date) that exceeded \$150,000, the Employee's Supplemental Benefit and Supplemental Benefit Account shall be recalculated as if his annual compensation for each year preceding the Adoption Date had been limited to \$150,000. (If an Employee's Supplemental Benefit and Supplemental Benefit Account are based on a unit of compensation smaller than one year, the annual compensation limit in this subsection B. shall be adjusted accordingly: for example, if the Employee's Supplemental Benefit and Supplemental Benefit Account are based on monthly compensation, the compensation limit applicable to the Employee's monthly compensation under this subsection B. shall be one twelfth of \$150,000, or \$12,500.) On and after January 1, 1994, the Employee's Credited Service ratio shall be applied to his recalculated Supplemental Benefit and Supplemental Benefit Account in

order to determine the portion of his Supplemental Benefit and Supplemental Benefit Account that the Employee earns in Plan Years beginning after 1993.

- (b) In no event shall the recalculation of the Employee's Supplemental Benefit and Supplemental Benefit Account to reflect the \$150,000 compensation limit reduce the Employee's Earned Benefit and Earned Benefit Account below the amount that the Employee had accrued as of December 31, 1993.
- (c) The recalculated Supplemental Benefit and Supplemental Benefit Account described in paragraph (a) shall be credited with percentage increases under the regular provisions of Appendix H. The Supplemental Benefit and Supplemental Benefit Account that the Employee had earned at the end of 1993, as described in paragraph (b), shall be credited with percentage increases under the two-tier method described in Appendix H for benefits affected by the \$150,000 limit. The Employee's Supplemental Benefit and Supplemental Benefit Account shall be the larger of the two amounts calculated in accordance with the preceding two sentences.
- (d) If an Employee's Supplemental Benefit and Supplemental Benefit Account at December 31, 1993, are not based on annual compensation (for any year preceding the Adoption Date) that exceeded \$150,000, the Employee's Supplemental Benefit and Supplemental Benefit Account shall continue to be calculated under the regular provisions of the Plan and Appendix E, without regard to this Section 4. B.

5. FUTURE SERVICE ACCOUNTS

At the Adoption Date, each Employee's Future Service Account shall be \$0.

For a division or facility whose Adoption Date is January 1, the credits described in Section 3.01 B. shall be applicable for the Plan Year in which the Adoption Date occurs and subsequent Plan Years.

For a division or facility whose Adoption Date is July 1, the credit for the Plan Year in which the Adoption Date occurs shall be equal to the percentage, determined in accordance with Section 3.01 B., of the Employee's Earnings

during the period July 1 through December 31 of such Plan Year, except that (i) the percentage in the second column shall apply to Earnings up to 1/8th of the maximum Social Security taxable wage base for such Plan Year, (ii) the percentage in the third column shall apply to Earnings in excess of 1/8th of the maximum Social Security taxable wage base for such Plan Year, and (iii) Credited Service shall be determined as of the Adoption Date. The credits described in Section 3.01 B. shall be applicable for subsequent Plan Years.

6. INTEREST CREDITS DURING TRANSITION PERIOD

For purposes of this Part II of Appendix E, the "Transition Period" shall be from the Adoption Date to December 31, 1990. At December 31, 1989, an Employee's or Former Employee's Accounts shall be increased by:

- (i) if the Adoption Date is January 1, 1989, 7.0% of the account balance at January 1, 1989, or
- (ii) if the Adoption Date is July 1, 1989, 3.5% of the account balance at July 1, 1989.

At December 31, 1990, an Employee's or Former Employee's Accounts shall be increased by 7% of the account balance at January 1, 1990.

The increases described in Section 3.01 C. shall be applicable for the 1991 and subsequent Plan Years.

7. EARNED BENEFIT; EARNED BENEFIT ACCOUNT

Except as otherwise provided in Section 10.02, the Employee's or Former Employee's Earned Benefit Account shall equal the sum of (1) his Accrued Benefit Account plus (2) his Future Service Account plus (3) the product of (a) his Supplemental Benefit Account, if any, times (b) the ratio (not to exceed 1.0) of his Credited Service after the Adoption Date, to the number of years and months from the third anniversary of the Adoption Date to the Employee's Normal Retirement Date.

8. ANCILLARY BENEFIT ACCOUNT

The Ancillary Benefit Account, if any, described in the applicable subpart of this Part II shall be added to the Participant's Earned Benefit Account and paid in the form applicable to such Earned Benefit Account upon the death of the Participant with a Surviving Spouse, or upon the Participant's retirement on his Normal, Early, or Postponed Retirement Date, provided that the Participant or Surviving Spouse demonstrates to the Company that he has paid, or will in the

future continue to pay, the Medicare Part B premium.

No Ancillary Benefit Account shall be payable with respect to a Participant who terminates his employment with the Company (other than by his death with a Surviving Spouse) prior to the earliest of his Normal, Early, or Postponed Retirement Date.

9. FORMER PARTICIPANTS IN MERGED PLANS

A. Former Participants Still Employed By the Company. This subsection A. of Section 9 shall apply to any individual who transferred out of employment covered by a Merged Plan before the Adoption Date for the facility at which he worked, and who is still employed by the Company on the Adoption Date, but who is not eligible to participate in this Plan as an Employee on or after the Adoption Date.

If an individual is described in the preceding paragraph, this Subpart II(A), and the subpart of this Part II that is applicable to the Merged Plan in which the individual formerly participated (the "applicable subpart"), shall apply to the individual, with the following modifications:

- i. The individual shall not receive a Future Service Account;
- ii. The individual shall not receive an Ancillary Benefit Account;
- iii. In determining the individual's Supplemental Benefit, if any, under the applicable subpart, it shall be assumed that no credits will be made in accordance with Section 3.01 B. to a Future Service Account for the individual; and
- iv. In determining the individual's First Objective Benefit, if any, under the applicable subpart, the individual's service shall be calculated as of the day preceding the Adoption Date, and shall not be projected.

An individual described in this subsection A. shall be eligible to receive any grandfathered benefit described under the heading "No Reduction in Benefits" in the applicable subpart.

If the applicable subpart includes rules that apply specifically to transferred employees, such rules shall be given their full effect. To the extent that the rules of the applicable subpart governing transferred employees are inconsistent with the rules set forth above in this subsection

A., the rules of the applicable subpart shall govern.

- B. Former Participants Whose Employment Has Terminated. This subsection B. of Section 9 shall apply to any individual (a "former participant") who terminated his employment with the Company before the Adoption Date for the facility at which he worked, but who did not receive a distribution of his entire accrued benefit under the Merged Plan in which he participated.

If a former participant does not return to employment covered by the Plan, his undistributed accrued benefit shall not be converted to an Accrued Benefit Account. Instead, his benefit shall be paid in accordance with the applicable provisions of the Merged Plan in which he participated, as in effect from time to time before the Adoption Date.

If a former participant is rehired as an Employee after the Adoption Date, such individual shall not be entitled to a Supplemental Benefit Account or an Ancillary Benefit Account; and the individual shall not be entitled to receive any grandfathered benefit described under the heading "No Reduction in Benefits" in the applicable subpart. The Accrued Benefit Account of an individual described in this paragraph shall be established as described in the applicable subpart, provided that such Accrued Benefit Account shall be determined as of the date such individual again becomes an Employee rather than as of the Adoption Date; and the compensation, Social Security benefit, and benefit formula or benefit rate used to calculate such individual's Accrued Benefit Account shall be determined as of the date such individual previously terminated employment.

10. CERTAIN TRANSFERRED EMPLOYEES

This Section 10 shall apply to any Employee who was transferred between Employers after July 1, 1988, and at a time when one such Employer had adopted this Plan and the other had not. When the other Employer later adopts the Plan, the Employee shall receive the larger of the two First Objective Benefits, if applicable, determined by treating the Employee as if he had been an active Participant in the plan of each adopting Employer as of the Adoption Date for that Employer. If an Employee is involved in more than one transfer described in this Section 10, he shall receive the largest of the First Objective Benefits, if applicable, determined in accordance with the preceding sentence.

11. CERTAIN DISABLED EMPLOYEES

An individual who is a disabled Employee on the Adoption Date shall not be entitled to a Supplemental Benefit Account. The Accrued Benefit Account of an

individual described in this paragraph shall be established as provided in the applicable subpart of this Part II.

12. SECTION 12.01 A. ACCRUALS

For a division or facility whose Adoption Date is January 1, the accruals described in Section 12.01 A. shall be applicable for the Plan Year in which the Adoption Date occurs and subsequent Plan Years.

For a division or facility whose Adoption Date is July 1, the benefit to be accrued for the Plan Year in which the Adoption Date occurs shall be determined pursuant to Section 12.01 A., based on the Employee's Earnings during the period July 1 through December 31 of such Plan Year, and based on the excess of such Earnings over 1/8th of the maximum Social Security taxable wage base for such Plan Year. The accruals described in Section 12.01 A. shall be applicable for subsequent Plan Years.

13. SECTION 12.01 B. COST-OF-LIVING INCREASES DURING TRANSITION PERIOD

The increases described in Section 12.01 B. shall be applicable during the Transition Period (as defined in Section 6, above), except that:

- A. At December 31, 1989, the Employee's previously accrued benefit (and the Supplemental Benefit that could accrue in the future) shall be increased by:
 - i. if the Adoption Date is January 1, 1989, 7.0% of such amount at January 1, 1989, or
 - ii. if the Adoption Date is July 1, 1989, 3.5% of such amount at July 1, 1989.
- B. At December 31, 1990, the Employee's previously accrued benefit (and the Supplemental Benefit that could accrue in the future) shall be increased by:
 - i. 1.90476% of such amount at January 1, 1990, if the benefit would not otherwise be increased on account of the second paragraph of Section 12.01 B., or
 - ii. 7.0% of such amount at January 1, 1990, if otherwise.

14. VESTING SERVICE

This Section 14 shall apply to any Employee who was credited with at least three years of vesting service under a Merged Plan on the date of the merger.

Solely for purposes of calculating the vested percentage of the Employee's Earned Benefit Account, the Employee shall be credited with the greater of (a) his Vesting Service under the Plan, or (b) his vesting service determined under the provisions of the Merged Plan as in effect on the day before the merger.

15. ACTUARIAL ASSUMPTIONS

A. Lump-Sum Factors. This subsection A. of Section 15 shall apply to any Merged Plan that, immediately before the Adoption Date, provided no lump-sum form of distribution for benefits with a present value greater than \$3,500. If it is necessary to calculate the lump-sum benefit that would have been payable to a Participant under the provisions of such a Merged Plan, the following factors shall be used to calculate the lump-sum benefit:

- i. Unisex Pension 1984 Mortality Table set forward one year in age, and
- ii. The interest rates from subparagraph (a) or (b), below, whichever is applicable:
 - (a) The PBGC Interest Rates, if the present value of the benefit determined using the PBGC Interest Rates does not exceed \$25,000; or
 - (b) 120% of the PBGC Interest Rates, if subparagraph (a) does not apply (provided that the benefit determined under this subparagraph (b) shall not be less than \$25,000).

The lump-sum benefit determined under this subsection A. of Section 15 shall not include the value of any early retirement subsidy, survivor subsidy, or other subsidy for which the Employee is eligible.

B. Early Retirement Reduction Factors. This subsection B. of Section 15 shall apply to any Merged Plan that, immediately before the Adoption Date, imposed retirement eligibility requirements different from those set

forth in Sections 2.03, 2.04, and 2.05 of this Plan. If a Participant becomes eligible to retire under this Plan within the period described in the "No Reduction in Benefits" section of the applicable subpart, the Participant shall be eligible for the protected retirement benefit described in such section even if the Participant would not have been eligible to retire under the corresponding provisions of the Merged Plan. If it is necessary to calculate the early retirement benefit that would have been payable to such a Participant under the provisions of the Merged Plan, the following reduction factors shall be used to calculate the early retirement benefit:

- i. If the Merged Plan (as in effect immediately before the merger) specified an early retirement reduction factor applicable to a person of the Participant's age, the reduction factor specified in the Merged Plan shall be used; and
- ii. If the Merged Plan (as in effect immediately before the merger) did not specify an early retirement reduction factor applicable to a person of the Participant's age, the early retirement reduction factor shall be determined as follows:
 - (a) The youngest age for which the Merged Plan provides an unreduced retirement benefit shall be determined, and
 - (b) The reduction factor applicable under the Merged Plan to a person of the Participant's age shall be determined by reference to the actuarial table in Appendix G that corresponds to the age determined pursuant to subparagraph (a).

SUBPART II(B): PROVISIONS APPLICABLE TO PARTICIPANTS IN
THE RACINE SALARIED PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(B) shall apply to any individual who had an undistributed accrued benefit under the Racine Salaried Plan (053) as of December 31, 1988, and who is an Employee on January 1, 1989. If an individual had an undistributed accrued benefit under the Racine Salaried Plan as of December 31, 1988, and the individual is employed by the Company on or after January 1, 1989, but is not an Employee on January 1, 1989, the special provisions in this Subpart II(B) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(B) unless he is described in one of the two preceding sentences.

If an individual had an undistributed accrued benefit under the Racine Salaried Plan as of December 31, 1988, and the individual's accrued benefit was transferred back to the Racine Salaried Plan in connection with the spinoff described in Section 9 of this Subpart II(B), the special provisions in this Subpart II(B) shall apply to such individual in the manner prescribed by Section 9 of this Subpart II(B).

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal 190 times the Employee's Accrued Benefit. Except as provided in Section 8 hereof, each Employee's Accrued Benefit shall equal the greater of (a) or (b), where Monthly Compensation and Credited Service are as defined in the Racine Salaried Plan as in effect on December 30, 1988, and Social Security Benefit is equal to 100% of the Primary Social Security Benefit determined by reference to Appendix A of the Plan as in effect on December 30, 1988; such amount then discounted 7% per year (compounded annually) for each year that January 1, 1989, precedes the Employee's Normal Retirement Date, and multiplied by 86.037/190ths:

(a) The sum of (i) and (ii):

- (i) \$4.40 multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1988, to a maximum of 30 such years.
- (ii) 1.4% of the excess, if any, of Employee's Monthly Compensation at December 31, 1988, over \$450,

multiplied by the number of years and fractional parts thereof of his Credited Service between his employment anniversary in 1968 and December 31, 1988, to a maximum of 30 such years.

(b) The sum of (i) and (ii) minus (iii):

- (i) \$4.40 multiplied by the number of years and fractional parts thereof of his Credited Service before his employment anniversary in 1968.
- (ii) 1 2/3% of the Employee's Monthly Compensation at December 31, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service between October 31, 1968, and December 31, 1988.
- (iii) 1 2/3% of the Employee's Social Security Benefit at December 31, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service between his employment anniversary in 1968 and December 31, 1988.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1989, shall equal the greatest of (1) the excess of (a) over the sum of (b) and (c), or (2) the excess of (d) over (b):

- (a) 190 times the First Objective Benefit described below.
- (b) the Accrued Benefit Account as of January 1, 1989.
- (c) the sum of the credits expected to be made in accordance with Section 3.01 B. from January 1, 1989, until three years before the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1992, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(B).
- (d) 190 times the Second Objective Benefit described below.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1989, to the number of years and months from January 1, 1992, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1989, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Except as provided in Section 8 hereof, each Employee's First Objective Benefit shall equal the greater of (a) or (b), where Monthly Compensation, Social Security Benefit, and Credited Service are as defined in the Racine Salaried Plan as in effect on December 30, 1988, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1992, precedes the Employee's Normal Retirement Date, and multiplied by $91.553/190$ ths:

(a) The sum of (i) and (ii):

(i) \$4.40 multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date, to a maximum of 30 such years.

(ii) 1.4% of the excess, if any, of the Employee's projected Monthly Compensation three years before his Normal Retirement Date over \$450, multiplied by the projected number of years and fractional parts thereof of his Credited Service between his employment anniversary in 1968 and three years before his Normal Retirement Date, to a maximum of 30 such years.

(b) The sum of (i) and (ii) minus (iii):

(i) \$4.40 multiplied by the number of years and fractional parts thereof of his Credited Service which is before his employment anniversary in 1968.

(ii) $1 \frac{2}{3}$ % of the Employee's projected Monthly Compensation three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Credited Service between October 31, 1968, and three years before his Normal Retirement Date, to a maximum of 30 such years.

(iii) $1 \frac{2}{3}$ % of the Employee's projected Social Security Benefit three years before his Normal Retirement Date, multiplied

by the projected number of years and fractional parts thereof of his Credited Service between his employment anniversary in 1968 and three years before his Normal Retirement Date, to a maximum of 30 such years.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Monthly Compensation and projected Social Security Benefit shall be determined assuming:

- (a) The Employee's Compensation for 1988 will equal the greatest of (1) his 1988 Compensation, (2) 105% of his 1987 Compensation, and (3) 110% of his 1986 Compensation.
- (b) his Compensation for subsequent years will increase at the rate of 5% per year.
- (c) Compensation for any part of a year will be a pro rata part of the projected Compensation for the entire year.
- (d) his previous Compensation increased at a rate of 6% per year, and was of such amount that the Employee's average monthly Compensation for 1986 through 1988 equals his Monthly Compensation as of December 31, 1988; the maximum taxable Social Security wage bases after 1988 will increase at the rate of 4.0% per year; and increases in Social Security Benefits on account of changes in the Consumer Price Index will be at the rate of 3.5% per year.

5. SECOND OBJECTIVE BENEFIT

Each Employee's Second Objective Benefit shall be the same as his First Objective Benefit, except that:

- (a) his Credited Service shall be as of December 31, 1988, rather than projected to three years before his Normal Retirement Date.
- (b) his Compensation for years after 1988 shall be assumed to increase at the rate of 4.5% per year.
- (c) the maximum taxable Social Security wage bases after 1988 shall be assumed to increase at the rate of 3.5% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index will be at the rate of 3.0% per year.

6. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(B).

7. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Racine Salaried Plan as in effect on December 30, 1988 (as though the provisions of the Racine Salaried Plan had remained unchanged after December 30, 1988), based on the Participant's Credited Service, Monthly Compensation, and Social Security Benefit as of December 31, 1988, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1994, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Racine Salaried Plan as in effect on December 30, 1988, based on the Participant's Credited Service, Monthly Compensation, and Social Security Benefit as of his retirement date. Such amount shall be determined as though the provisions of the Racine Salaried Plan had remained unchanged after December 30, 1988, except that no Compensation in excess of \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code) shall be taken into account.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 7, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1993, but retires on or after January 1, 1994, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1993, plus (b) increases thereon from January 1, 1994, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

8. RACINE AND ZANESVILLE EMPLOYEES

The formulas set forth in Sections 2, 4, and 5 of this Subpart II(B) apply to employees or former employees of the Sarasota operations who are described in Section 1 hereof. Benefits payable to former employees of the Zanesville or

Racine operations who are described in Section 1 hereof shall be computed by replacing the formulas set forth in those sections with comparable formulas that reflect the provisions of Sections 4.1(c), 4.1(d), and 13.1 of the Racine Salaried Plan rather than the provisions of Section 4.1(b) of that plan.

9. SPINOFF OF RACINE SALARIED PLAN

Pursuant to a resolution of the Chairman of the Investment Committee dated June 18, 1990, the Racine Salaried Plan was separated from the Plan, and the accrued benefits of certain participants were transferred, with an appropriate amount of assets, from the Plan to the Racine Salaried Plan, effective May 9, 1991. If an individual's accrued benefit was transferred to the Racine Salaried Plan in connection with the spinoff, the individual shall not be entitled to any benefit under Part II of Appendix E, including this Subpart II(B), after the date of the spinoff.

SUBPART II(C): PROVISIONS APPLICABLE TO PARTICIPANTS IN
THE SPICER SALARIED PLAN

1. GENERAL

This Subpart II(C) shall apply to any individual who, on December 31, 1988, had an accrued benefit under the Spicer Salaried Plan (050) that had not been fully distributed.

2. ELIGIBLE EMPLOYEES

As of December 31, 1988, no individual covered by the Spicer Salaried Plan was an active employee of Dana Corporation. Accordingly, the individuals covered by the Spicer Salaried Plan as of December 31, 1988, shall not be deemed to be Employees for purposes of the Plan unless such individuals subsequently return to employment covered by the Plan.

3. PAYMENT OF BENEFITS

The undistributed accrued benefit of an individual described in this Subpart II(C) shall be paid in accordance with the applicable provisions of Section 9 of Subpart II(A), above.

4. NO REDUCTION IN BENEFITS

In no event shall an individual's benefit under this Subpart II(C) be less than the benefit that would have been paid to (or on behalf of) such individual under the terms of the Spicer Salaried Plan as in effect immediately before the merger.

SUBPART II(D): PROVISIONS APPLICABLE TO PARTICIPANTS IN
THE BIP PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(D) shall apply to any individual who had an undistributed accrued benefit under the BIP Plan (047) as of December 31, 1988, and who is an Employee on January 1, 1989. If an individual had an undistributed accrued benefit under the BIP Plan as of December 31, 1988, and the individual is employed by the Company on or after January 1, 1989, but is not an Employee on January 1, 1989, the special provisions in this Subpart II(D) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(D) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit shall equal the greater of (a) or (b), where Average Annual Earnings, Primary Social Security Benefit, and Credited Service are as defined in the BIP Plan as in effect on December 30, 1988, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1989, precedes the Employee's Normal Retirement Date, and multiplied by $86.037/190$ ths and divided by 0.97:

(a) The excess of (i) over (ii):

(i) 1% of the Employee's Average Annual Earnings at December 31, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1981.

(ii) 1% of the Employee's Primary Social Security Benefit at December 31, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1981.

(b) \$10.00 (or \$12.00 if the Employee was employed at the Cambridge, Massachusetts, facility), multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1981.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT; ANCILLARY BENEFIT

ACCOUNT

No Employee shall have a Supplemental Benefit, a Supplemental Benefit Account, or an Ancillary Benefit Account under this Subpart II(D).

4. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the BIP Plan as in effect on December 30, 1988 (as though the provisions of the BIP Plan had remained unchanged after December 30, 1988), based on the Participant's Credited Service as of December 31, 1981, Average Annual Earnings and Primary Social Security Benefit as of December 31, 1988, and his Vesting Service as of the date of termination or retirement. In no event shall any benefit accrue after 1988 under the BIP Plan as in effect before it was merged with the Plan.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 4, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire under the terms of the BIP Plan as of December 31, 1993, but retires on or after January 1, 1994, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit that he was entitled to receive under the BIP Plan as of December 31, 1988, based on the Participant's Credited Service as of December 30, 1981, and his Average Annual Earnings and Primary Social Security Benefit as of December 31, 1988, plus (b) increases thereon from January 1, 1994, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

5. PERIOD CERTAIN ANNUITY

In addition to any form of distribution under Section 3.04 for which he is eligible, a Participant may receive his vested Accrued Benefit described in Section 2 of this Subpart II(D) in the form of a life annuity with a fifteen-year or twenty-year period certain, as described in Section 8.03 of the BIP Plan. A Participant who elects this form of distribution must satisfy the applicable requirements of the Plan, including the consent and minimum distribution requirements of Sections 3.05 and 7.04.

A Participant may not elect this form of distribution for any benefit that accrues

under the Plan after the Adoption Date. A Participant who elects this form of distribution shall receive the automatic form of payment described in Section 3.05 A. or B. (whichever is applicable) for the portion of his benefit that accrues after the Adoption Date, and shall not be eligible to elect any optional form of distribution for such portion of his accrued benefit.

6. CERTAIN TRANSFERRED EMPLOYEES

If an individual transferred out of employment covered by the BIP Plan to employment covered by another qualified defined benefit plan sponsored by the Company (regardless of whether the transfer took place before or after July 1, 1988), the individual's Annual Earnings and Average Annual Earnings under the BIP Plan, as in effect on December 30, 1988, shall be deemed to include the individual's compensation paid after the transfer by any other employer that is part of the Company, but only to the extent that (i) such compensation would have been treated as Annual Earnings or Average Annual Earnings under the BIP Plan if it had been paid by a sponsor of that plan, and (ii) such compensation does not exceed the applicable limit under Section 401(a)(17) of the Code.

SUBPART II(E): PROVISIONS APPLICABLE TO BIP EMPLOYEES IN
THE EVERFLEX PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(E) shall apply to any individual who had an undistributed accrued benefit under the Dana Corporation Retirement and Compensation Deferral Thrift Plan for the Boston Industrial Products Division (the "Everflex Plan") (049) as of December 31, 1988, and who is an Employee on January 1, 1989. An individual shall not be eligible for any benefit under this Subpart II(E) unless he is described in the preceding sentence.

2. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1989, shall equal the excess of the First Objective Benefit over the Second Objective Benefit.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1989, to the number of years and months from January 1, 1992, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1989, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

3. FIRST AND SECOND OBJECTIVE BENEFITS

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the sum of the employer contributions expected to be made under the Everflex Plan (had it continued unchanged) after January 1, 1989, and before the Employee reaches age 62 (or age 65 if the Employee will attain age 62 within five years after January 1, 1989) accumulated with interest at the rate of 7% per year (compounded annually) from the date each such contribution is expected to have been made, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1989, precedes the date on which the Employee will reach age 62.

Each Employee's Second Objective Benefit shall equal the sum of the credits expected to be made in accordance with Section 3.01 B., from January 1, 1989, until the Employee reaches age 62 (or age 65 if the Employee will attain age 62 within five years after January 1, 1989), accumulated with interest at the rate of

7% per year (compounded annually) from the date each such credit is expected to have been made, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1989 precedes the date on which the Employee will reach age 62.

B. ASSUMPTIONS

For purposes of determining the Employee's First and Second Objective Benefit, the following assumptions shall be made:

- (a) each year's employer contributions under the Everflex Plan would have equaled 7% of Earnings for the year.
- (b) the Employee's 1989 Earnings will equal 105% of the annualized base pay rate in effect at December 31, 1988.
- (c) his Earnings for subsequent years will increase at the rate of 5.0% per year.
- (d) Earnings for any part of a year will be a pro rata part of the projected Earnings for the entire year.
- (e) the maximum taxable Social Security wage bases after 1989 will increase at the rate of 4.0% per year.

4. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Accrued Benefit, Accrued Benefit Account, or Ancillary Benefit Account under this Subpart II(E).

SUBPART II(F): PROVISIONS APPLICABLE TO CALHOUN, GEORGIA,
EMPLOYEES

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(F) shall apply to all Employees who were employed at the Calhoun, Georgia, facility on January 1, 1989. An individual shall not be eligible for any benefit under this Subpart II(F) unless he is described in the preceding sentence.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal the Future Service Account the Employee would have had as of January 1, 1989, had this Plan (i) been effective as of August 1, 1987; (ii) covered employees at the Calhoun, Georgia, facility as of such date; and (iii) stated that an Employee hired at the Calhoun, Georgia, facility after that date and before January 1, 1989, would become a Participant in the Plan on his date of hire.

For purposes of computing such Future Service Account for an individual who was an Employee at the Calhoun, Georgia, facility on August 1, 1987:

- (a) 1/4th of the maximum taxable Social Security wage bases for 1988 and 1987 shall be assumed to be \$11,250 and \$4,562 (5/12ths of \$10,950), respectively,
- (b) the Employee's Earnings from August 1, 1987, to December 31, 1987, shall be assumed to be 5/12ths of his 1987 Earnings, and
- (c) the credit as of December 31, 1988, in accordance with Section 3.01 C. shall be at the rate of 7%.

For purposes of computing such Future Service Account for an individual who became an Employee at the Calhoun, Georgia, facility after August 1, 1987, and before January 1, 1989:

- (d) 1/4th of the maximum taxable Social Security wage bases for 1988 and 1987 shall be assumed to be \$11,250 and \$10,950, respectively, multiplied by the appropriate fraction for each year, the numerator of which is the number of complete calendar months during which the individual was an Employee at the Calhoun, Georgia, facility in that year, and the denominator of which is 12,
- (e) the Employee's Earnings for 1988 and 1987 shall be his Earnings for each

complete calendar month in 1988 and 1987 during which he was an Employee at the Calhoun, Georgia, facility, and

- (f) the credit as of December 31, 1988, in accordance with Section 3.01 C. shall be at the rate of 7%.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have a Supplemental Benefit, a Supplemental Benefit Account, or an Ancillary Benefit Account under this Subpart II(F).

SUBPART II(G): PROVISIONS APPLICABLE TO COLUMBIA, MISSOURI,
EMPLOYEES

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(G) shall apply to all Employees who were employed at the Columbia, Missouri, facility on January 1, 1989. An individual shall not be eligible for any benefit under this Subpart II(G) unless he is described in the preceding sentence.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal the Future Service Account the Employee would have had as of January 1, 1989, had this Plan (i) been effective as of December 1, 1987; (ii) covered employees at the Columbia, Missouri, facility as of such date; and (iii) stated that an Employee hired at the Columbia, Missouri, facility after that date and before January 1, 1989, would become a Participant in the Plan on his date of hire.

For purposes of computing such Future Service Account for an individual who was an Employee at the Columbia, Missouri, facility on December 1, 1987:

- (a) 1/4th of the maximum taxable Social Security wage bases for 1988 and 1987 shall be assumed to be \$11,250 and \$912 (1/12th of \$10,950), respectively,
- (b) the Employee's Earnings for December, 1987, shall be assumed to be 1/12th of his 1987 Earnings, and
- (c) the credit as of December 31, 1988, in accordance with Section 3.01 C. shall be at the rate of 7%.

For purposes of computing such Future Service Account for an individual who became an Employee at the Columbia, Missouri, facility after December 1, 1987, and before January 1, 1989:

- (d) 1/4th of the maximum taxable Social Security wage base for 1988 shall be assumed to be \$11,250 multiplied by a fraction, the numerator of which is the number of complete calendar months during which the individual was an Employee at the Columbia, Missouri, facility in 1988, and the denominator of which is 12, and
- (e) the Employee's Earnings for 1988 shall be his Earnings for each complete

calendar month in 1988 during which he was an Employee at the Columbia, Missouri, facility.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have a Supplemental Benefit, a Supplemental Benefit Account, or an Ancillary Benefit Account under this Subpart II(G).

SUBPART II(H): PROVISIONS APPLICABLE TO COLUMBIA, SOUTH CAROLINA,
EMPLOYEES

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(H) shall apply to all hourly-paid Employees who were employed at the Columbia, South Carolina, facility on January 1, 1989. An individual shall not be eligible for any benefit under this Subpart II(H) unless he is described in the preceding sentence.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal the Future Service Account the Employee would have had as of January 1, 1989, had this Plan (i) been effective as of January 1, 1988; (ii) covered hourly-paid employees at the Columbia, South Carolina, facility as of January 1, 1988; and (iii) stated that an Employee hired at the Columbia, South Carolina, facility before January 1, 1988, would become a Participant in the Plan on January 1, 1988.

For purposes of computing such Future Service Account for an individual who was an Employee at the Columbia, South Carolina, facility on January 1, 1988:

- (a) 1/4th of the maximum taxable Social Security wage base for 1988 shall be assumed to be \$11,250.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have a Supplemental Benefit, a Supplemental Benefit Account, or an Ancillary Benefit Account under this Subpart II(H).

SUBPART II(I): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE HYCO SALARIED PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(I) shall apply to any individual who had an undistributed accrued benefit under the Hyco Salaried Plan (039) as of December 31, 1988, and who is an Employee on January 1, 1989. If an individual had an undistributed accrued benefit under the Hyco Salaried Plan as of December 31, 1988, and the individual is employed by the Company on or after January 1, 1989, but is not an Employee on January 1, 1989, the special provisions in this Subpart II(I) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(I) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit shall equal the greater of (a) or (b), where Final Monthly Earnings, Primary Social Security Benefit, and Credited Service are as defined in the Hyco Salaried Plan as in effect on December 30, 1988, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1989, precedes the Employee's Normal Retirement Date, and multiplied by $86.037/190$ ths:

(a) The excess of (i) over (ii):

- (i) 1.6% of the Employee's Final Monthly Earnings at December 31, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1988.
- (ii) 2.0% of the Employee's Primary Social Security Benefit at December 31, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1988, to a maximum of 25 such years.

(b) \$15.00 multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1988.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1989, shall equal the greater of (1) the excess of (a) over the sum of (b) and (c), or (2) the excess of (d) over (b):

- (a) 190 times the First Objective Benefit described below.
- (b) the Accrued Benefit Account as of January 1, 1989.
- (c) the sum of the credits expected to be made in accordance with Section 3.01 B. from January 1, 1989, until three years before the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1992, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(I).
- (d) 190 times the Second Objective Benefit described below.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1989, to the number of years and months from January 1, 1992, to the Employee's Normal Retirement Date.

If an employee has reached age 62 on or before January 1, 1989, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the greater of (a) or (b), where Final Monthly Earnings, Primary Social Security Benefit, and Credited Service are as defined in the Hyco Salaried Plan as in effect on December 30, 1988, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1992, precedes the Employee's Normal Retirement Date, and multiplied by 91.553/190ths and by 85%:

- (a) The excess of (i) over (ii):
 - (i) 1.6% of the Employee's projected Final Monthly Earnings three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his

Normal Retirement Date.

- (ii) 2.0% of the Employee's projected Primary Social Security Benefit three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date, to a maximum of 25 such years.

- (b) \$15.00 multiplied by the number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Final Monthly Earnings and projected Primary Social Security Benefit shall be determined assuming:

- (a) The Employee's Earnings for 1989 will equal 105% of the greatest of (1) his 1988 Earnings, (2) 105% of his 1987 Earnings, and (3) 110% of his 1986 Earnings.
- (b) his Earnings for subsequent years will increase at the rate of 5% per year.
- (c) Earnings for any part of a year will be a pro rata part of the projected Earnings for the entire year.
- (d) his previous Earnings increased at a rate of 6% per year, and were of such amounts that the Employee's average monthly Earnings for 1986 through 1988 equal his Final Monthly Earnings as of December 31, 1988; the maximum taxable Social Security wage bases after 1988 will increase at the rate of 4% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index will be at the rate of 3.5% per year.

5. SECOND OBJECTIVE BENEFIT

Each Employee's Second Objective Benefit shall be the same as his First Objective Benefit, except that:

- (a) his credited Service shall be as of December 31, 1988, rather than projected to three years before his Normal Retirement Date.
- (b) it shall be based on his projected Final Monthly Earnings and projected Primary Social Security Benefit at Normal Retirement Date.

- (c) his Earnings for years after 1988 shall be assumed to increase at the rate of 4.5% per year.
- (d) the maximum taxable Social Security wage bases after 1988 shall be assumed to increase at the rate of 3.5% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index shall be at the rate of 3.0% per year.
- (e) the 7% discount shall be applied for each year that January 1, 1989, precedes his Normal Retirement Date.
- (f) the fraction 86.037/190ths shall be substituted for the fraction 91.553/190ths and the factor 100% shall be substituted for the factor 85%.

6. ANCILLARY BENEFIT ACCOUNT

An Ancillary Benefit Account shall be established for each Participant who is an Employee as of January 1, 1989, equal to \$2,134 discounted by 7% per year (compounded annually) for each year that January 1, 1989, precedes the Participant's Normal Retirement Date. Such Ancillary Benefit Account shall be increased at the end of each Plan Year in the manner described in Section 3.01 C.

A Participant's Ancillary Benefit Account shall be paid only as provided in Section 8 of Subpart II(A).

7. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Hyco Salaried Plan as in effect on December 30, 1988 (as though the provisions of the Hyco Salaried Plan had remained unchanged after December 30, 1988), based on the Participant's Credited Service, Final Monthly Earnings, and Primary Social Security Benefit as of December 31, 1988, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1994, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Hyco Salaried Plan as in effect on December 30, 1988, based on the Participant's Credited Service, Final Monthly Earnings, and Primary Social Security Benefit as of his retirement date. Such amount shall be determined as

though the provisions of the Hyco Salaried Plan had remained unchanged after December 30, 1988, except that no Earnings in excess of \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code) shall be taken into account.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 7, the Participant's lump-sum benefit or increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1993, but retires on or after January 1, 1994, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1993, plus (b) increases thereon from January 1, 1994, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

8. CERTAIN TRANSFERRED EMPLOYEES

If an individual transferred out of employment covered by the Hyco Salaried Plan to employment covered by another qualified defined benefit plan sponsored by the Company (regardless of whether the transfer took place before or after July 1, 1988), the individual's Final Monthly Earnings under the Hyco Salaried Plan, as in effect on December 30, 1988, shall be deemed to include the individual's compensation paid after the transfer by any other employer that is part of the Company, but only to the extent that (i) such compensation would have been treated as Final Monthly Earnings under the Hyco Salaried Plan if it had been paid by a sponsor of that plan, and (ii) such compensation does not exceed the applicable limit under Section 401(a)(17) of the Code.

SUBPART II(J): PROVISIONS APPLICABLE TO FREDERICKTOWN, OHIO,
EMPLOYEES

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(J) shall apply to all Employees who were employed at the Fredericktown, Ohio, facility on January 1, 1989. An individual shall not be eligible for any benefit under this Subpart II(J) unless he is described in the preceding sentence.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal the Future Service Account that the Employee would have had as of January 1, 1989, had this Plan (i) been effective as of November 1, 1987; (ii) covered Employees at the Fredericktown, Ohio, facility as of such date; and (iii) stated that an Employee hired at the Fredericktown, Ohio, facility after that date and before January 1, 1989, would become a Participant in the Plan as of his date of hire.

For purposes of computing such Future Service Account for an individual who became an Employee at the Fredericktown, Ohio, facility on or after November 1, 1987, and before January 1, 1989:

- (a) 1/4th of the maximum taxable Social Security wage bases for 1988 and 1987 shall be assumed to be \$11,250 and \$1,825 (2/12ths of \$10,950), respectively, and
- (b) the credit as of December 31, 1988, in accordance with Section 3.01 C. shall be at the rate of 7%.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have a Supplemental Benefit, a Supplemental Benefit Account, or an Ancillary Benefit Account under this Subpart II(J).

SUBPART II(K): PROVISIONS APPLICABLE TO RUSSELLVILLE, ARKANSAS,
EMPLOYEES

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(K) shall apply to all Employees who were employed at the Russellville, Arkansas, facility on January 1, 1989. An individual shall not be eligible for any benefit under this Subpart II(K) unless he is described in the preceding sentence.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal the Future Service Account the Employee would have had as of January 1, 1989, had this Plan (i) been effective as of October 1, 1987; (ii) covered employees at the Russellville, Arkansas, facility as of such date; and (iii) stated that an Employee hired at the Russellville, Arkansas, facility after that date and before January 1, 1989, would become a Participant in the Plan on his date of hire.

For purposes of computing such Future Service Account for an individual who became an Employee at the Russellville, Arkansas, facility on or after October 1, 1987, and before January 1, 1989:

- (a) 1/4th of the maximum taxable Social Security wage bases for 1988 and 1987 shall be assumed to be \$11,250 and \$2,737 (3/12ths of \$10,950), respectively, and
- (b) the credit as of December 31, 1988, in accordance with Section 3.01 C. shall be at the rate of 7%.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have a Supplemental Benefit, a Supplemental Benefit Account, or an Ancillary Benefit Account under this Subpart II(K).

SUBPART II(L): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE
WEATHERHEAD GENERAL PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(L) shall apply to any individual who had an undistributed accrued benefit under the Weatherhead General Plan (041) as of December 31, 1988, and who is an Employee on January 1, 1989. If an individual had an undistributed accrued benefit under the Weatherhead General Plan as of December 31, 1988, and the individual is employed by the Company on or after January 1, 1989, but is not an Employee on January 1, 1989, the special provisions in this Subpart II(L) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(L) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit shall equal \$16.00, multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1988, where Credited Service is as defined in the Weatherhead General Plan as in effect on December 30, 1988, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1989, precedes the Employee's Normal Retirement Date, and multiplied by 86.037/190ths.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

No Employee shall have a Supplemental Benefit or a Supplemental Benefit Account under this Subpart II(L).

4. ANCILLARY BENEFIT ACCOUNT

An Ancillary Benefit Account shall be established for each Participant who is an Employee as of January 1, 1989, equal to \$1,093 discounted by 7% per year (compounded annually) for each year that January 1, 1989, precedes the Participant's Normal Retirement Date. Such Ancillary Benefit Account shall be increased at the end of each Plan Year in the manner described in Section 3.01 C.

A Participant's Ancillary Benefit Account shall be paid only as provided in Section 8 of Subpart II(A).

5. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Weatherhead General Plan as in effect on December 30, 1988 (as though the provisions of the Weatherhead General Plan had remained unchanged after December 30, 1988), based on the Participant's Credited Service as of December 31, 1988, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1994, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Weatherhead General Plan as in effect on December 30, 1988, based on the Participant's Credited Service as of his retirement date. Such amount shall be determined as though the provisions of the Weatherhead General Plan had remained unchanged after December 30, 1988.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 4, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1993, but retires on or after January 1, 1994, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1993, plus (b) increases thereon from January 1, 1994, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity and increasing annuity benefit shall be increased by the same percentage.

SUBPART II(M): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE
WEATHERHEAD SALARIED PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(M) shall apply to any individual who had an undistributed accrued benefit under the Weatherhead Salaried Plan (037) as of December 31, 1988, and who is an Employee on January 1, 1989. If an individual had an undistributed accrued benefit under the Weatherhead Salaried Plan as of December 31, 1988, and the individual is employed by the Company on or after January 1, 1989, but is not an Employee on January 1, 1989, the special provisions in this Subpart II(M) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(M) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit shall equal the greater of (a) or (b), where Final Average Earnings, monthly compensation covered by the Federal Social Security Act, and Credited Service are as defined in the Weatherhead Salaried Plan as in effect on December 30, 1988, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1989, precedes the Employee's Normal Retirement Date, and multiplied by 86.037/190ths:

(a) The sum of (i), (ii), and (iii):

- (i) 1% of the Employee's Final Average Earnings at December 31, 1988, to a maximum of his monthly compensation covered by the Federal Social Security Act at December 31, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1988, to a maximum of 35 such years.
- (ii) 1.2% of the excess, if any, of the Employee's Final Average Earnings at December 31, 1988, over his monthly compensation covered by the Federal Social Security Act at December 31, 1988, multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1988, to a maximum of 35 such years.
- (iii) 0.25% of the Employee's Final Average Earnings at

December 31, 1988, multiplied by the number of years and fractional parts thereof of the excess, if any, of his Credited Service at December 31, 1988, over 35 years.

- (b) \$13.00, multiplied by the number of years and fractional parts thereof of the excess, if any, of his Credited Service at December 31, 1988.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1989, shall equal the greater of (1) the excess of (a) over the sum of (b) and (c), or (2) the excess of (d) over (b).

- (a) 190 times the First Objective Benefit described below.
- (b) the Accrued Benefit Account as of January 1, 1989.
- (c) the sum of the credits expected to be made in accordance with Section 3.01 B. from January 1, 1989, until three years before the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1992, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(M).
- (d) 190 times the Second Objective Benefit described below.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1989, to the number of years and months from January 1, 1992, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1989, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the greater of (a) or (b), where Final Average Earnings, monthly compensation covered by the Federal Social Security Act, and Credited Service are as defined in the Weatherhead Salaried Plan as in effect on December 30, 1988, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1992, precedes the Employee's Normal Retirement Date, and multiplied by

91.553/190ths and by 89.2%:

(a) The sum of (i), (ii), and (iii):

(i) 1% of the Employee's projected Final Average Earnings three years before his Normal Retirement Date, to a maximum of his projected monthly compensation covered by the Federal Social Security Act three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date, to a maximum of 35 such years.

(ii) 1.2% of the excess, if any, of the Employee's projected Final Average Earnings three years before his Normal Retirement Date over his projected monthly compensation covered by the Federal Social Security Act three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date, to a maximum of 35 such years.

(iii) 0.25% of the Employee's projected Final Average Earnings three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of the excess, if any, of his projected Credited Service three years before his Normal Retirement Date over 35 years.

(b) \$13.00, multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Final Average Earnings and projected monthly compensation covered by the Federal Social Security Act shall be determined assuming:

(a) The Employee's Base Pay and Commissions for 1989 will equal 105% of the greatest of (1) his 1988 Base Pay and Commissions, (2) 105% of his 1987 Base Pay and Commissions, and (3) 110% of his 1986 Base Pay and Commissions.

- (b) his Base Pay and Commissions for subsequent years will increase at the rate of 5% per year.
- (c) Base Pay and Commissions for any part of a year will be a pro rata part of the projected Base Pay and Commissions for the entire year.
- (d) the maximum taxable Social Security wage bases after 1988 will increase at the rate of 4% per year.

5. SECOND OBJECTIVE BENEFIT

Each Employee's Second Objective Benefit shall be the same as his First Objective Benefit, except that:

- (a) his Credited Service shall be as of December 31, 1988, rather than projected to three years before his Normal Retirement Date.
- (b) it shall be based on his projected Final Average Earnings and projected monthly compensation covered by the Federal Social Security Act at Normal Retirement Date.
- (c) his Base Pay and Commissions for years after 1988 shall be assumed to increase at the rate of 4.5% per year.
- (d) the maximum taxable Social Security wage bases after 1988 shall be assumed to increase at the rate of 3.5% per year.
- (e) the 7% discount shall be applied for each year that January 1, 1989, precedes his Normal Retirement Date.
- (f) the fraction $86.037/190$ ths shall be substituted for the fraction $91.553/190$ ths and 100% shall be substituted for 89.2%.

6. ANCILLARY BENEFIT ACCOUNT

An Ancillary Benefit Account shall be established for each Participant who is an Employee as of January 1, 1989, equal to \$1,721 discounted by 7% per year (compounded annually) for each year that January 1, 1989, precedes the Participant's Normal Retirement Date. Such Ancillary Benefit Account shall be increased at the end of each Plan Year in the manner described in Section 3.01 C.

A Participant's Ancillary Benefit Account shall be paid only as provided in Section 8 of Subpart II(A).

7. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Weatherhead Salaried Plan as in effect on December 30, 1988 (as though the provisions of the Weatherhead Salaried Plan had remained unchanged after December 30, 1988), based on the Participant's Credited Service, Final Average Earnings, and monthly compensation covered by the Federal Social Security Act as of December 31, 1988, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1994, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Weatherhead Salaried Plan as in effect on December 30, 1988, based on the Participant's Credited Service, Final Average Earnings, and monthly compensation covered by the Federal Social Security Act as of his retirement date. Such amount shall be determined as though the provisions of the Weatherhead Salaried Plan had remained unchanged after December 30, 1988, except that no Base Pay and Commissions in excess of \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code) shall be taken into account.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 7, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1993, but retires on or after January 1, 1994, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1993, plus (b) increases thereon from January 1, 1994, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

8. PERIOD CERTAIN ANNUITY

In addition to any form of distribution under Section 3.04 for which he is eligible, a Participant may receive his vested Accrued Benefit described in Section 2 of this Subpart II(M) in the form of a life annuity with a fifteen-year or twenty-year period certain, as described in Section 4.6.2 of the Weatherhead Salaried Plan. A Participant who elects this form of distribution must satisfy the applicable requirements of the Plan, including the consent and minimum

distribution requirements of Sections 3.05 and 7.04.

A Participant may not elect this form of distribution for any benefit that accrues under the Plan after the Adoption Date. A Participant who elects this form of distribution shall receive the automatic form of payment described in Section 3.05 A. or B. (whichever is applicable) for the portion of his benefit that accrues after the Adoption Date, and shall not be eligible to elect any optional form of distribution for such portion of his accrued benefit.

9. CERTAIN TRANSFERRED EMPLOYEES

If an individual transferred out of employment covered by the Weatherhead Salaried Plan to employment covered by another qualified defined benefit plan sponsored by the Company (regardless of whether the transfer took place before or after July 1, 1988), the individual's Base Pay and Final Average Earnings under the Weatherhead Salaried Plan, as in effect on December 30, 1988, shall be deemed to include the individual's compensation paid after the transfer by any other employer that is part of the Company, but only to the extent that (i) such compensation would have been treated as Base Pay or Final Average Earnings under the Weatherhead Salaried Plan if it had been paid by a sponsor of that plan, and (ii) such compensation does not exceed the applicable limit under Section 401(a)(17) of the Code.

SUBPART II(N): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE
SARASOTA HOURLY PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(N) shall apply to any individual who had an undistributed accrued benefit under the Sarasota Hourly Plan (055) as of December 31, 1988, and who is an Employee on January 1, 1989. If an individual had an undistributed accrued benefit under the Sarasota Hourly Plan as of December 31, 1988, and the individual is employed by the Company on or after January 1, 1989, but is not an Employee on January 1, 1989, the special provisions in this Subpart II(N) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(N) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1989, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit as of January 1, 1989, shall equal the Accrued Benefit determined in accordance with Section 2 of Subpart II(B) as though the Employee had been a participant in the Racine Salaried Plan during the period in which he was a participant in the Sarasota Hourly Plan, except that the amounts described in (a) and (b) of such Section 2 shall not be less than the monthly benefit accrued under the Sarasota Hourly Plan as of December 31, 1988.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit and Supplemental Benefit Account as of January 1, 1989, shall equal an amount determined in accordance with Section 3 of Subpart II(B) as though the Employee had been a participant in the Racine Salaried Plan during the period in which he was a participant in the Sarasota Hourly Plan.

4. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(N) or under Subpart II(B).

5. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been

paid under the terms of the Sarasota Hourly Plan as in effect on December 30, 1988 (as though the provisions of the Sarasota Hourly Plan had remained unchanged after December 30, 1988), based on the Participant's Credited Service, Monthly Compensation, and Social Security Benefit as of December 30, 1988, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1994, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Racine Salaried Plan as in effect on December 30, 1988, based on the Participant's Credited Service, Monthly Compensation, and Social Security Benefit as of his retirement date. Such amount shall be determined as though the provisions of the Racine Salaried Plan had remained unchanged after December 30, 1988, except that no Compensation in excess of \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code) shall be taken into account.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 5, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1993, but retires on or after January 1, 1994, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1993, plus (b) increases thereon from January 1, 1994, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity and increasing annuity benefit shall be increased by the same percentage.

6. NO DUPLICATION OF BENEFITS

In no event shall a Participant be entitled to receive duplicate benefits under the Sarasota Hourly Plan and under this Subpart II(N) for the period of service from January 1, 1989, through March 31, 1989.

7. CERTAIN TRANSFERRED EMPLOYEES

If an individual transferred out of employment covered by the Sarasota Hourly Plan to employment covered by another qualified defined benefit plan sponsored by the Company (regardless of whether the transfer took place before or after July 1, 1988), the individual's Compensation or Monthly Compensation under the Sarasota Hourly Plan, as in effect on December 30, 1988, shall be deemed to include the individual's compensation paid after the transfer by any other

employer that is part of the Company, but only to the extent that (i) such compensation would have been treated as Compensation or Monthly Compensation under the Sarasota Hourly Plan if it had been paid by a sponsor of that plan, and (ii) such compensation does not exceed the applicable limit under Section 401(a)(17) of the Code.

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(0) shall apply to any individual who had an undistributed accrued benefit under the Tyrone Salaried Plan (059) as of December 31, 1989, and who is an Employee on January 1, 1990. If an individual had an undistributed accrued benefit under the Tyrone Salaried Plan as of December 31, 1989, and the individual is employed by the Company on or after January 1, 1990, but is not an Employee on January 1, 1990, the special provisions in this Subpart II(0) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(0) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1990, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit shall equal the amount specified below, where Average Monthly Compensation, Primary Insurance Amount, and Credited Service are as defined in the Tyrone Salaried Plan as in effect on December 30, 1989, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by $88.960/190$ ths:

57% of the Employee's Final Monthly Earnings at December 31, 1989, less 65% of the Employee's Primary Social Security Benefit at December 31, 1989, multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1989, to a maximum of 30 such years, and divided by 30, less the monthly benefit that is provided under Aetna Group Annuity Contract GA 2744, or that would have been provided under such contract had the Employee not received payment of the lump-sum value thereof.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1990, shall equal the greater of (1) the excess of (a) over the sum of (b) and (c), or (2) the excess of (d) over (b):

(a) 190 times the First Objective Benefit described below.

- (b) the Accrued Benefit Account as of January 1, 1990.
- (c) the sum of the credits expected to be made in accordance with Section 3.01 B. from January 1, 1990, until three years before the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1993, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(0).
- (d) 190 times the Second Objective Benefit described below.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1990, to the number of years and months from January 1, 1993, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1990, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the amount specified below, where Final Monthly Earnings, Primary Social Security Benefit, and Credited Service are as defined in the Tyrone Salaried Plan as in effect on December 30, 1989, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1993, precedes the Employee's Normal Retirement Date, and multiplied by 94.893/190ths and by 71.127%:

57% of the Employee's projected Final Monthly Earnings three years before his Normal Retirement Date, less 65% of the Employee's projected Primary Social Security Benefit three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date, to a maximum of 30 such years, and divided by 30, less the monthly benefit that is provided under Aetna Group Annuity Contract GA 2744, or that would have been provided under such contract had the Employee not received payment of the lump-sum value thereof.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Final Monthly Earnings and projected Primary Social

Security Benefit shall be determined assuming:

- (a) The Employee's Earnings for 1990 will equal 105% of the greatest of (1) his 1989 Earnings, (2) 105% of his 1988 Earnings, and (3) 110% of his 1987 Earnings.
- (b) his Earnings for subsequent years will increase at the rate of 5% per year.
- (c) Earnings for any part of a year will be a pro rata part of the projected Earnings for the entire year.
- (d) his previous Earnings increased at a rate of 6% per year, and were of such amounts that the Employee's average monthly Earnings for 1987 through 1989 equal his Final Monthly Earnings as of December 31, 1989; the maximum taxable Social Security wage bases after 1988 will increase at the rate of 4% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index will be at the rate of 3.5% per year.

5. SECOND OBJECTIVE BENEFIT

Each Employee's Second Objective Benefit shall be the same as his First Objective Benefit, except that:

- (a) his Credited Service shall be as of December 31, 1989, rather than projected to three years before his Normal Retirement Date.
- (b) it shall be based on his projected Final Monthly Earning and projected Primary Social Security Benefit at Normal Retirement Date.
- (c) his Earnings for years after 1989 shall be assumed to increase at the rate of 4.5% per year.
- (d) the maximum taxable Social Security wage bases after 1989 shall be assumed to increase at the rate of 3.5% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index shall be at the rate of 3.0% per year.
- (e) the 7% discount shall be applied for each year that January 1, 1990, precedes his Normal Retirement Date.
- (f) the fraction 88.960/190ths shall be substituted for the fraction 94.893/190ths and the factor 100% shall be substituted for the factor 71.127%.

6. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(0).

7. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Tyrone Salaried Plan as in effect on December 30, 1989 (as though the provisions of the Tyrone Salaried Plan had remained unchanged after December 30, 1989), based on the Participant's Credited Service, Average Monthly Compensation, and Primary Insurance Amount as of December 31, 1989, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1995, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum payment that would have been paid under the terms of the Tyrone Salaried Plan as in effect on December 30, 1989, based on the Participant's Credited Service, Average Monthly Compensation, and Primary Insurance Amount as of his retirement date. Such amount shall be determined as though the provisions of the Tyrone Salaried Plan had remained unchanged after December 30, 1989, except as provided below with respect to (i) the \$150,000 compensation limit, and (ii) the joint and 66 2/3% survivor annuity.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 7, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1994, but retires on or after January 1, 1995, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1994, plus (b) increases thereon from January 1, 1995, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

A Participant's five-year grandfather benefit under this Section 7 shall be determined, on and after January 1, 1994, without taking into account monthly compensation for any year (including years before 1994) that exceeds \$12,500 (one twelfth of \$150,000). In no event shall the recalculation of the Participant's Average Monthly Compensation to reflect the \$150,000

compensation limit reduce the Participant's five-year grandfather benefit below the amount that the Participant had accrued as of December 31, 1993, under this Section 7.

8. JOINT AND 66 2/3% SURVIVOR ANNUITY

Under the terms of the Tyrone Salaried Plan as in effect on December 30, 1989, certain participants were eligible to receive their benefits in the form of a joint and 66 2/3% survivor annuity. The Tyrone Salaried Plan also offered actuarially equivalent joint and survivor annuities with smaller and larger survivor payment percentages. Effective December 31, 1989, no individual who is covered by this Subpart II(0) shall be eligible to receive any portion of his benefit in the form of a joint and 66 2/3% survivor annuity (regardless of whether the benefit accrued before or after December 31, 1989). An individual who is covered by this Subpart II(0) shall be eligible to receive his benefit in any of the regular forms of distribution under the Plan, including the joint and 50%, 75%, and 100% survivor annuities described in Section 3.04 B. 2.

9. CERTAIN TRANSFERRED EMPLOYEES

If an individual transferred out of employment covered by the Tyrone Salaried Plan to employment covered by another qualified defined benefit plan sponsored by the Company (regardless of whether the transfer took place before or after July 1, 1988), the individual's Average Monthly Compensation under the Tyrone Salaried Plan, as in effect on December 30, 1989, shall be deemed to include the individual's compensation paid after the transfer by any other employer that is part of the Company, but only to the extent that (i) such compensation would have been treated as Average Monthly Compensation under the Tyrone Salaried Plan if it had been paid by a sponsor of that plan, and (ii) such compensation does not exceed the applicable limit under Section 401(a)(17) of the Code.

SUBPART II(P): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE GRESEN SALARIED PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(P) shall apply to any individual who had an undistributed accrued benefit under the Gresen Salaried Plan (046) as of December 31, 1989, and who is an Employee on January 1, 1990. If an individual had an undistributed accrued benefit under the Gresen Salaried Plan as of December 31, 1989, and the individual is employed by the Company on or after January 1, 1990, but is not an Employee on January 1, 1990, the special provisions in this Subpart II(P) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(P) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1990, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit shall equal the excess of (a) over (b), where Average Monthly Compensation, Primary Social Security Benefit, and Benefit Accrual Service are as defined in the Gresen Salaried Plan as in effect on December 30, 1989, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by 88.960/190ths:

- (a) 1.6% of the Employee's Average Monthly Compensation at December 31, 1989, multiplied by the number of years and fractional parts thereof of his Benefit Accrual Service at December 31, 1989.
- (b) 2.0% of the Employee's Primary Social Security Benefit at December 31, 1989, multiplied by the number of years and fractional parts thereof of his Benefit Accrual Service at December 31, 1989, to a maximum of 25 such years.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1990, shall equal the greater of (1) the excess of (a) over the sum of (b) and (c), or (2) the excess of (d) over (b):

- (a) 190 times the First Objective Benefit described below.

- (b) the Accrued Benefit Account as of January 1, 1990.
- (c) the sum of the credits expected to be made in accordance with Section 3.01 B. from January 1, 1990, until three years before the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1993, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(P).
- (d) 190 times the Second Objective Benefit described below.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Benefit Accrual Service after January 1, 1990, to the number of years and months from January 1, 1993, to the Employee's Normal Retirement Date.

If an employee has reached age 62 on or before January 1, 1990, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the excess of (a) over (b), where Average Monthly Compensation, Primary Social Security Benefit, and Benefit Accrual Service are as defined in the Gresen Salaried Plan as in effect on December 30, 1989, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1993, precedes the Employee's Normal Retirement Date, and multiplied by 94.893/190ths and by 77.37%:

- (a) 1.6% of the Employee's projected Average Monthly Compensation three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Benefit Accrual Service three years before his Normal Retirement Date.
- (b) 2.0% of the Employee's projected Primary Social Security Benefit three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Benefit Accrual Service three years before his Normal Retirement Date, to a maximum of 25 such years.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Average Monthly Compensation and projected Primary Social Security Benefit shall be determined assuming:

- (a) The Employee's Earnings for 1990 will equal 105% of the greater of (1) his 1989 Earnings, (2) 105% of his 1988 Earnings, and (3) 110% of his 1987 Earnings.
- (b) his Earnings for subsequent years will increase at the rate of 5% per year.
- (c) Earnings for any part of a year will be a pro rata part of the projected Earnings for the entire year.
- (d) his previous Earnings increased at a rate of 6% per year, and were of such amounts that the Employee's average monthly Earnings for 1987 through 1989 equal his Average Monthly Compensation as of December 31, 1989; the maximum taxable Social Security wage bases after 1988 will increase at the rate of 4% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index will be at the rate of 3.5% per year.

5. SECOND OBJECTIVE BENEFIT

Each Employee's Second Objective Benefit shall be the same as his First Objective Benefit, except that:

- (a) his Benefit Accrual Service shall be as of December 31, 1989, rather than projected to three years before his Normal Retirement Date.
- (b) it shall be based on his projected Average Monthly Compensation and projected Primary Social Security Benefit at Normal Retirement Date.
- (c) his Earnings for years after 1989 shall be assumed to increase at the rate of 4.5% per year.
- (d) the maximum taxable Social Security wage bases after 1989 shall be assumed to increase at the rate of 3.5% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index shall be at the rate of 3.0% per year.
- (e) the 7% discount shall be applied for each year that January 1, 1990, precedes his Normal Retirement Date.
- (f) the fraction 88.960/190ths shall be substituted for the fraction

94.893/190ths and the factor 100% shall be substituted for the factor 77.37%.

6. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(P).

7. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Gresen Salaried Plan as in effect on December 30, 1989 (as though the provisions of the Gresen Salaried Plan had remained unchanged after December 30, 1989), based on the Participant's Benefit Accrual Service, Average Monthly Compensation, and Primary Social Security Benefit as of December 31, 1989, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1995, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum payment that would have been paid under the terms of the Gresen Salaried Plan as in effect on December 30, 1989, based on the Participant's Benefit Accrual Service, Average Monthly Compensation, and Primary Social Security Benefit as of his retirement date. Such amount shall be determined as though the provisions of the Gresen Salaried Plan had remained unchanged after December 30, 1989, except as provided below with respect to the \$150,000 compensation limit.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 7, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1994, but retires on or after January 1, 1995, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1994, plus (b) increases thereon from January 1, 1995, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

A Participant's five-year grandfather benefit under this Section 7 shall be determined, on and after January 1, 1994, without taking into account monthly compensation for any year (including years before 1994) that exceeds \$12,500

(one twelfth of \$150,000). In no event shall the recalculation of the Participant's Average Monthly Compensation to reflect the \$150,000 compensation limit reduce the Participant's five-year grandfather benefit below the amount that the Participant had accrued as of December 31, 1993, under this Section 7.

8. PERIOD CERTAIN ANNUITY

In addition to any form of distribution under Section 3.04 for which he is eligible, a Participant may receive his vested Accrued Benefit described in Section 2 of this Subpart II(P) in the form of a life annuity with a stipulated guaranteed number of payments to his designated beneficiary, as described in Section 4.7.1 of the Gresen Salaried Plan. A Participant who elects this form of distribution must satisfy the applicable requirements of the Plan, including the consent and minimum distribution requirements of Sections 3.05 and 7.04.

A Participant may not elect this form of distribution for any benefit that accrues under the Plan after the Adoption Date. A Participant who elects this form of distribution shall receive the automatic form of payment described in Section 3.05 A. or B. (whichever is applicable) for the portion of his benefit that accrues after the Adoption Date, and shall not be eligible to elect any optional form of distribution for such portion of his accrued benefit.

9. CERTAIN TRANSFERRED EMPLOYEES

If an individual transferred out of employment covered by the Gresen Salaried Plan to employment covered by another qualified defined benefit plan sponsored by the Company (regardless of whether the transfer took place before or after July 1, 1988), the individual's Average Monthly Compensation under the Gresen Salaried Plan, as in effect on December 30, 1989, shall be deemed to include the individual's compensation paid after the transfer by any other employer that is part of the Company, but only to the extent that (i) such compensation would have been treated as Average Monthly Compensation under the Gresen Salaried Plan if it had been paid by a sponsor of that plan, and (ii) such compensation does not exceed the applicable limit under Section 401(a)(17) of the Code.

SUBPART II(Q): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE HEIL SALARIED PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(Q) shall apply to any individual who had an undistributed accrued benefit under The Heil Company Salaried Employees Pension Plan (the "Heil Salaried Plan") as of January 31, 1985; who is an Employee on July 1, 1989; and whose undistributed accrued benefit under the Heil Salaried Plan has been transferred to the Dana Corporation Retirement and Thrift Plan (017). An individual shall not be eligible for any benefit under this Subpart II(Q) unless he is described in the first sentence of this paragraph.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

No Employee shall have an Accrued Benefit or Accrued Benefit Account under this Subpart II(Q).

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of July 1, 1989, shall equal the excess of (a) over the sum of (b) and (c), or, if greater, the amount determined in accordance with Subpart II(R):

- (a) 190 times the First Objective Benefit described below.
- (b) the Employee's account balance as of July 1, 1989, under the Dana Corporation Savings and Investment Plan, which consists of:
 - (i) the value of the Company's Basic Contributions under that plan as of July 1, 1989, and
 - (ii) the amount that was transferred from the Heil Salaried Plan to the Dana Corporation Retirement and Thrift Plan on April 1, 1986, with interest at the rate of 7% from April 1, 1986, to July 1, 1989.
- (c) the sum of the credits expected to be made in accordance with Section 3.01 B. from July 1, 1989, until three years before the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that July 1, 1992, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(Q). The credit for the 1989 Plan Year shall be equal to the percentage, determined in

accordance with Section 3.01 B., of the Employee's Earnings during the period July 1 through December 31, 1989, except that (i) the percentage in the second column shall apply to Earnings up to \$6,000 (1/8th of the maximum Social Security wage base for 1989), and (ii) the percentage in the third column shall apply to Earnings in excess of \$6,000.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after July 1, 1989, to the number of years and months from July 1, 1992, to the Employee's Normal Retirement Date.

If an employee has reached age 62 on or before July 1, 1989, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the sum of (a) and (b), where Final Monthly Earnings and Credited Service are as defined in the Heil Salaried Plan as last in effect prior to its termination, such amount then discounted 7% per year (compounded annually) for each year that July 1, 1992, precedes the Employee's Normal Retirement Date, and multiplied by 94.893/190ths:

- (a) 30% of the Employee's projected Final Monthly Earnings three years before his Normal Retirement Date, less \$82, multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date, if less than 15, divided by 15.
- (b) 0.5% of the Employee's projected Final Monthly Earnings three years before his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Credited Service three years before his Normal Retirement Date.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit and Supplemental Benefit, the following assumptions shall be made:

- (a) The Employee's Earnings for 1989 will equal 105% of the greatest of (1) his 1988 Earnings, (2) 105% of his 1987 Earnings, or (3) 110% of his 1986 Earnings.

- (b) His Earnings for subsequent years will increase at the rate of 5% per year.
- (c) Earnings for any part of a year will be a pro rata part of the projected Earnings for the entire year.
- (d) The maximum taxable Social Security wage bases after 1989 will increase at the rate of 4% per year.
- (e) Credited Service shall include the individual's service with the Heil Company through the date on which Dana Corporation purchased the facility at which the individual was employed.

5. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(Q).

SUBPART II(R): PROVISIONS APPLICABLE TO ARAB, ALABAMA, EMPLOYEES

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(R) shall apply to any individual employed at the Arab, Alabama, facility as of July 1, 1989, who is an Employee on July 1, 1989, and who has completed at least one year of Vesting Service on that date. An individual shall not be eligible for any benefit under this Subpart II(R) unless he is described in the preceding sentence.

2. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of July 1, 1989, shall equal the excess of the First Objective Benefit over the Second Objective Benefit.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after July 1, 1989, to the number of years and months from July 1, 1992, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before July 1, 1989, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

3. FIRST AND SECOND OBJECTIVE BENEFITS

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the sum of the employer contributions expected to be made under the Dana Corporation Savings and Investment Plan (had it continued unchanged) after July 1, 1989, and before the Employee's Normal Retirement Date, accumulated with interest at the rate of 7% per year (compounded annually) from the date each such contribution is expected to have been made to the date three years before Normal Retirement Date, such amount then discounted 7% per year (compounded annually) for each year that July 1, 1992, precedes the Employee's Normal Retirement Date.

Each Employee's Second Objective Benefit shall equal the sum of the credits expected to be made in accordance with Section 3.01 B., from July 1, 1989, until the date that is three years before the Employee's Normal Retirement Date, accumulated with interest at the rate of 7% per year (compounded annually) from the date each such credit is expected to have been made to Normal Retirement Date, such amount then discounted 7% per year (compounded annually) for each year that July 1, 1992, precedes the

Employee's Normal Retirement Date. The credit for the 1989 Plan Year shall be equal to the percentage, determined in accordance with Section 3.01 B., of the Employee's Earnings during the period July 1 through December 31, 1989, except that (i) the percentage in the second column shall apply to Earnings up to \$6,000 (1/8th of the maximum Social Security wage base for 1989), and (ii) the percentage in the third column shall apply to Earnings in excess of \$6,000.

B. ASSUMPTIONS

For purposes of determining the Employee's First and Second Objective Benefit, the following assumptions shall be made:

- (a) each year's employer contributions under the Dana Corporation Savings and Investment Plan would have equaled 4% of Earnings for the year.
- (b) The Employee's 1989 Earnings will equal 105% of the greatest of (1) his 1988 Earnings, (2) 105% of his 1987 Earnings, or (3) 110% of his 1986 Earnings.
- (c) his Earnings for subsequent years will increase at the rate of 5% per year.
- (d) Earnings for any part of a year will be a pro rata part of the projected Earnings for the entire year.
- (e) the maximum taxable Social Security wage bases after 1989 will increase at the rate of 4% per year.
- (f) Credited Service shall include the individual's service with the Heil Company through the date on which Dana Corporation purchased the facility at which the individual was employed.

4. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Accrued Benefit, Accrued Benefit Account, or Ancillary Benefit Account under this Subpart II(R).

SUBPART II(S): PROVISIONS APPLICABLE TO CERTAIN EMPLOYEES OF THE
MOBILE FLUID PRODUCTS DIVISION

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(S) shall apply to any individual who is an Employee on January 1, 1990; who has completed at least one year of Vesting Service on that date; and who was employed at one of the following locations of the Mobile Fluid Products Division as of January 1, 1990: the Division Office; the Greenville, South Carolina, plant; the Lancaster, Texas, facility; the Santa Ana, California, facility; or the Summerville, South Carolina, facility. An individual shall not be eligible for any benefit under this Subpart II(S) unless he is described in the preceding sentence.

2. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1990, shall equal the excess of the First Objective Benefit over the Second Objective Benefit.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1990, to the number of years and months from January 1, 1993, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1990, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

3. FIRST AND SECOND OBJECTIVE BENEFITS

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the sum of the employer contributions expected to be made under the Dana Corporation Savings and Investment Plan (had it continued unchanged) after January 1, 1990, and before the Employee's Normal Retirement Date, accumulated with interest at the rate of 7% per year (compounded annually) from the date each such contribution is expected to have been made to the date three years before Normal Retirement Date, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1993, precedes the Employee's Normal Retirement Date.

Each Employee's Second Objective Benefit shall equal the sum of the credits expected to be made in accordance with Section 3.01 B., from January 1, 1990,

until the date that is three years before the Employee's Normal Retirement Date, accumulated with interest at the rate of 7% per year (compounded annually) from the date each such credit is expected to have been made to Normal Retirement Date, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1993, precedes the Employee's Normal Retirement Date.

B. ASSUMPTIONS

For purposes of determining the Employee's First and Second Objective Benefit, the following assumptions shall be made:

- (a) Each year's employer contributions under the Dana Corporation Savings and Investment Plan would have equaled 4% of Earnings for the year.
- (b) The Employee's 1990 Earnings will equal 105% of the greatest of (1) his 1989 Earnings, (2) 105% of his 1988 Earnings, and (3) 110% of his 1987 Earnings.
- (c) His Earnings for subsequent years will increase at the rate of 5% per year.
- (d) Earnings for any part of a year will be a pro rata part of the projected Earnings for the entire year.
- (e) The maximum taxable Social Security wage bases after 1990 will increase at the rate of 4% per year.

4. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Accrued Benefit, Accrued Benefit Account, or Ancillary Benefit Account under this Subpart II(S).

SUBPART II(T):

PROVISIONS APPLICABLE TO PARTICIPANTS IN THE WARNER
UNIFORM SALARIED PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(T) shall apply to any individual who had an undistributed accrued benefit under the Warner Uniform Salaried Plan (065) as of December 31, 1989, and who is an Employee on January 1, 1990. If an individual had an undistributed accrued benefit under the Warner Uniform Salaried Plan as of December 31, 1989, and the individual is employed by the Company on or after January 1, 1990, but is not an Employee on January 1, 1990, the special provisions in this Subpart II(T) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(T) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1990, shall equal 190 times the Employee's Accrued Benefit. Each Employee's Accrued Benefit shall equal the excess of (a) over the sum of (b), (c), and (d), where Effective Monthly Compensation and Years of Benefit Accrual are as defined in the Warner Uniform Salaried Plan as in effect on December 30, 1989 (except that the Employee's fractional Years of Benefit Accrual for his year of hire shall equal two times his actual period of employment in such year, but shall not exceed one year), such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by 88.960/190ths:

- (a) $1 \frac{2}{3}\%$ of the Employee's Effective Monthly Compensation at December 31, 1989, multiplied by the number of years and fractional parts thereof of his Years of Benefit Accrual at December 31, 1989, to a maximum of 30 such years.
- (b) $1 \frac{2}{3}\%$ of the Employee's Social Security benefit at December 31, 1989, determined under the 100% table of Appendix A of the Plan, multiplied by the number of years and fractional parts thereof of his Years of Benefit Accrual at December 31, 1989, to a maximum of 30 such years.
- (c) any monthly benefit payable to the Employee at age 65 under either (i) the Pension Agreement (in effect as of the date of the Employee's transfer on or after October 1, 1976) between the Beaver Aerospace Division of Dana Corporation and the International Union U.A.W. Local 540 (063), or (ii)

the Pension Agreement between Warner Electric Brake & Clutch Company and the United Steelworkers of America Local Union No. 3245 (064), determined, in each case, using the benefit rate in effect at the time of the Employee's transfer out of covered employment under Plan 063 or Plan 064.

- (d) the annuitized equivalent (as determined by reference to Table A-1 of the Warner Uniform Salaried Plan (065)) of any prior distributions made to the Employee from the Warner Electric Brake & Clutch Company Salaried Employees' Retirement Plan, provided that such Employee's Benefit Accrual Service attributable to such prior distributions was taken into account for purposes of calculating the amount to be credited to his account (the "Retirement Plan Account") under the Warner Electric Brake & Clutch Company Salaried Employees' Retirement Plan.

If the Employee has a Retirement Plan Account under the Warner Electric Brake & Clutch Company Salaried Employees' Retirement Plan, his Accrued Benefit Account as of January 1, 1990, shall equal the amount determined in the preceding paragraphs, reduced by (e):

- (e) the value of the Employee's Retirement Plan Account as of December 31, 1989, that is not attributable to the Employee's own contributions.

If an Employee has reached age 62 on or before January 1, 1990, his Accrued Benefit Account as of January 1, 1990, shall be increased by (f):

- (f) the amount that would have been the Employee's Supplemental Benefit Account, calculated as described in Section 3.

If an Employee's Accrued Benefit Account is adjusted as provided in paragraph (e) or (f), the amount of the Employee's Accrued Benefit shall equal 1/190th of his Accrued Benefit Account.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1990, shall equal the excess of (a) over the sum of (b) and (c):

- (a) 190 times the First Objective Benefit described in Section 4.
- (b) the Employee's Accrued Benefit Account as of January 1, 1990, determined before the adjustment in paragraph (f) of Section 2; or, if the Employee had a Retirement Plan Account on December 31, 1989, that was not attributable to the Employee's own contributions, the greater of

(i) the Employee's Accrued Benefit Account as of January 1, 1990, determined before the adjustments in paragraphs (e) and (f) of Section 2, or (ii) the value of the Employee's Retirement Plan Account as of December 31, 1989, that was not attributable to the Employee's own contributions.

- (c) the sum of the credits, based on the total elapsed time worked for the Company, expected to be made in accordance with Section 3.01 B. from January 1, 1990, until the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(T).

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1990, to the number of years and months from January 1, 1993, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1990, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account. Instead, the amount that would have been the Employee's Supplemental Benefit Account, determined in accordance with this Section 3, shall be added to the Employee's Accrued Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the excess of (a) over the sum of (b), (c), and (d), where Effective Monthly Compensation, Social Security Benefit, and Years of Benefit Accrual are as defined in the Warner Uniform Salaried Plan as in effect on December 30, 1989 (except that the Employee's fractional Years of Benefit Accrual for his year of hire shall equal two times his actual period of employment in such year, but shall not exceed one year), such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by 88.960/190ths:

- (a) 1 2/3% of the Employee's projected Effective Monthly Compensation at his Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Years of Benefit Accrual three years before his Normal Retirement Date plus three additional Years of Benefit Accrual, to a maximum of 30 Years of Benefit Accrual.

- (b) 1 2/3% of the Employee's projected Social Security Benefit at Normal Retirement Date, multiplied by the projected number of years and fractional parts thereof of his Years of Benefit Accrual three years before his Normal Retirement Date plus three additional Years of Benefit Accrual, to a maximum of 30 Years of Benefit Accrual.
- (c) any monthly benefit payable to the Employee at age 65 under either (i) the Pension Agreement (in effect as of the date of the Employee's transfer on or after October 1, 1976) between the Beaver Aerospace Division of Dana Corporation and the International Union U.A.W. Local 540 (063), or (ii) the Pension Agreement between Warner Electric Brake & Clutch Company and the United Steelworkers of America Local Union No. 3245 (064), determined, in each case, using the benefit rate in effect at the time of the Employee's transfer out of covered employment under Plan 063 or Plan 064.
- (d) the annuitized equivalent (as determined by reference to Table A-1 of the Warner Uniform Salaried Plan (065)) of any prior distributions made to the Employee from the Warner Electric Brake & Clutch Company Salaried Employees' Retirement Plan, provided that such Employee's Benefit Accrual Service attributable to such prior distributions was taken into account for purposes of calculating the amount to be credited to his Retirement Plan Account.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Effective Monthly Compensation and projected Social Security Benefit shall be determined assuming:

- (a) The Employee's Compensation for 1990 will equal 105% of the greatest of (1) his 1989 Earnings, (2) 105% of his 1988 Earnings, and (3) 110% of his 1987 Earnings.
- (b) his Compensation for subsequent years will increase at the rate of 5% per year.
- (c) Compensation for any part of a year will be a pro rata part of the projected Compensation for the entire year.
- (d) his previous Compensation increased at a rate of 6% per year, and was of such amount that the Employee's average monthly Compensation for 1987 through 1989 equals his Effective Monthly Compensation as of December 31, 1989; the maximum taxable Social Security wage bases

after 1989 will increase at the rate of 4% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index will be at the rate of 3.5% per year.

- (e) The Social Security Benefit will be determined by applying (i) the ratio that the Social Security Benefit determined under Section 2(b), above, bears to \$899 (which ratio shall not exceed 1.0) to (ii) the projected Social Security Benefit determined under Section 4 B(d), above.

5. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(T).

6. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Warner Uniform Salaried Plan as in effect on December 30, 1989 (as though the provisions of the Warner Uniform Salaried Plan had remained unchanged after December 30, 1989), based on the Participant's Years of Benefit Accrual, Effective Monthly Compensation, and Social Security Benefit as of December 31, 1989, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1995, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Warner Uniform Salaried Plan as in effect on December 30, 1989, based on the Participant's Years of Benefit Accrual, Effective Monthly Compensation, and Social Security Benefit as of his retirement date. Such amount shall be determined as though the provisions of the Warner Uniform Salaried Plan had remained unchanged after December 30, 1989, except as provided below with respect to the \$150,000 compensation limit.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 6, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1994, but retires on or after January 1, 1995, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1994, plus (b) increases thereon from January 1, 1995, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this

paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

A Participant's five-year grandfather benefit under this Section 6 shall be determined, on and after January 1, 1994, without taking into account monthly compensation for any year (including years before 1994) that exceeds \$12,500 (one twelfth of \$150,000). In no event shall the recalculation of the Participant's Effective Monthly Compensation to reflect the \$150,000 compensation limit reduce the Participant's five-year grandfather benefit below the amount that the Participant had accrued as of December 31, 1993, under this Section 6.

If a Participant was a participant in the Beaver Precision Products Inc. Employees' Retirement Income Plan as in effect on September 30, 1976, and was employed in the office at Troy, Michigan, as of October 1, 1976, and if the Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Beaver Precision Products Inc. Employees' Retirement Income Plan at the benefit level in effect as of his retirement date, and assuming his service had continued under that plan until his retirement date (but determined without taking into account compensation in excess of the applicable limit under Section 401(a)(17) of the Code).

7. CREDITED SERVICE

A Participant's Credited Service under the Plan as of January 1, 1990, shall equal his Years of Benefit Accrual under the Warner Uniform Salaried Plan as of December 31, 1989.

8. CERTAIN TRANSFERRED EMPLOYEES

If an individual transferred out of employment covered by the Warner Uniform Salaried Plan to employment covered by another qualified defined benefit plan sponsored by the Company (regardless of whether the transfer took place before or after July 1, 1988), the individual's Effective Monthly Compensation under the Warner Uniform Salaried Plan, as in effect on December 30, 1989, shall be deemed to include the individual's compensation paid after the transfer by any other employer that is part of the Company, but only to the extent that (i) such compensation would have been treated as Effective Monthly Compensation under the Warner Uniform Salaried Plan if it had been paid by a sponsor of that plan, and (ii) such compensation does not exceed the applicable limit under Section 401(a)(17) of the Code.

SUBPART II(U): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE PSI
HOURLY PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(U) shall apply to any individual who had an undistributed accrued benefit under the PSI Hourly Plan (067) as of December 31, 1989, and who is an Employee on January 1, 1990. If an individual had an undistributed accrued benefit under the PSI Hourly Plan as of December 31, 1989, and the individual is employed by the Company on or after January 1, 1990, but is not an Employee on January 1, 1990, the special provisions in this Subpart II(U) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(U) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1990, shall equal 190 times the Employee's Accrued Benefit.

Each Employee's Accrued Benefit shall equal \$12.00 multiplied by the number of years and fractional parts thereof of his Years of Benefit Accrual at December 31, 1989, to a maximum of 35 such years, where Years of Benefit Accrual are as defined in the PSI Hourly Plan as in effect on December 30, 1989 (except that the Employee's fractional Years of Benefit Accrual for his year of hire shall equal two times his actual period of employment in such year, but shall not exceed one year), such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by 88.960/190ths.

If an Employee has reached age 62 on or before January 1, 1990, his Accrued Benefit Account as of January 1, 1990, shall be increased by the amount that would have been the Employee's Supplemental Benefit Account, calculated as described in Section 3.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1990, shall equal the excess of (a) over the sum of (b) and (c):

- (a) 190 times the First Objective Benefit described in Section 4.
- (b) the Employee's Accrued Benefit Account as of January 1, 1990,

determined before the adjustment in the last paragraph of Section 2.

- (c) the sum of the credits, based on the total elapsed time worked for the Company, expected to be made in accordance with Section 3.01 B. from January 1, 1990, until the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(U).

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1990, to the number of years and months from January 1, 1993, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1990, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account. Instead, the amount that would have been the Employee's Supplemental Benefit Account, determined in accordance with this Section 3, shall be added to the Employee's Accrued Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal \$12.00, multiplied by the projected number of years and fractional parts thereof of his Years of Benefit Accrual three years before his Normal Retirement Date plus three additional Years of Benefit Accrual, to a maximum of 35 Years of Benefit Accrual, where Years of Benefit Accrual are as defined in the PSI Hourly Plan as in effect on December 30, 1989 (except that the Employee's fractional Years of Benefit Accrual for his year of hire shall equal two times his actual period of employment in such year, but shall not exceed one year), such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by 88.960/190ths.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Compensation shall be determined assuming:

- (a) the Employee's Compensation for 1990 will equal 105% of the greatest of (1) his 1989 Earnings, (2) 105% of his 1988 Earnings, and (3) 110% of

his 1987 Earnings.

- (b) his Compensation for subsequent years will increase at the rate of 5% per year.
- (c) Compensation for any part of a year will be a pro rata part of the projected Compensation for the entire year.
- (d) the maximum taxable Social Security wage bases after 1989 will increase at the rate of 4% per year.

5. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(U).

6. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the PSI Hourly Plan as in effect on December 30, 1989 (as though the provisions of the PSI Hourly Plan had remained unchanged after December 30, 1989), based on the Participant's Years of Benefit Accrual as of December 31, 1989, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1995, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the PSI Hourly Plan as in effect on December 30, 1989, based on the Participant's Years of Benefit Accrual as of his retirement date. Such amount shall be determined as though the provisions of the PSI Hourly Plan had remained unchanged after December 30, 1989.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 6, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1994, but retires on or after January 1, 1995, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1994, plus (b) increases thereon from January 1, 1995, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit would be increased by this

paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

7. TRANSFERRED EMPLOYEES

If an individual is entitled to benefits in accordance with this Subpart II(U), but ceased to accrue Years of Benefit Accrual prior to December 31, 1989, on account of his transfer out of covered employment, his Accrued Benefit and Accrued Benefit Account shall be determined based on the benefit rate in effect as of the date of the last such transfer rather than \$12.00, and he shall not be entitled to a Supplemental Benefit or Supplemental Benefit Account under this Subpart II(U).

8. CREDITED SERVICE

A Participant's Credited Service under the Plan as of January 1, 1990, shall equal his Years of Benefit Accrual under the PSI Hourly Plan as of December 31, 1989.

SUBPART II(V): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE
ALCOILS HOURLY PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(V) shall apply to any individual who had an undistributed accrued benefit under the Alcoils Hourly Plan (068) as of December 31, 1989, and who is an Employee on January 1, 1990. If an individual had an undistributed accrued benefit under the Alcoils Hourly Plan as of December 31, 1989, and the individual is employed by the Company on or after January 1, 1990, but is not an Employee on January 1, 1990, the special provisions in this Subpart II(V) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(V) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1990, shall equal 190 times the Employee's Accrued Benefit.

Each Employee's Accrued Benefit shall equal \$12.00 multiplied by the number of years and fractional parts thereof of his Years of Benefit Accrual at December 31, 1989, to a maximum of 35 such years, where Years of Benefit Accrual are as defined in the Alcoils Hourly Plan as in effect on December 30, 1989 (except that the Employee's fractional Years of Benefit Accrual for his year of hire shall equal two times his actual period of employment in such year, but shall not exceed one year), such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by 88.960/190ths.

If an Employee has reached age 62 on or before January 1, 1990, his Accrued Benefit Account as of January 1, 1990, shall be increased by the amount that would have been the Employee's Supplemental Benefit Account, calculated as described in Section 3.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employees' Supplemental Benefit Account as of January 1, 1990, shall equal the excess of (a) over the sum of (b) and (c):

- (a) 190 times the First Objective Benefit described in Section 4.
- (b) the Employee's Accrued Benefit Account as of January 1, 1990,

determined before the adjustment in the last paragraph of Section 2.

- (c) the sum of the credits, based on the total elapsed time worked for the Company, expected to be made in accordance with Section 3.01 B. from January 1, 1990, until the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(V).

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1990, to the number of years and months from January 1, 1993, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1990, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account. Instead, the amount that would have been the Employee's Supplemental Benefit Account, determined in accordance with this Section 3, shall be added to the Employee's Accrued Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal \$12.00, multiplied by the projected number of years and fractional parts thereof of his Years of Benefit Accrual three years before his Normal Retirement Date plus three additional Years of Benefit Accrual, to a maximum of 35 Years of Benefit Accrual, where Years of Benefit Accrual are as defined in the Alcoils Hourly Plan as in effect on December 30, 1989 (except that the Employee's fractional Years of Benefit Accrual for his year of hire shall equal two times his actual period of employment in such year, but shall not exceed one year), such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by 88.960/190ths.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Compensation shall be determined assuming:

- (a) the Employee's Compensation for 1990 will equal 105% of the greatest of (1) his 1989 Earnings, (2) 105% of his 1988 Earnings, and (3) 110% of

his 1987 Earnings.

- (b) his Compensation for subsequent years will increase at the rate of 5% per year.
- (c) Compensation for any part of a year will be a pro rata part of the projected Compensation for the entire year.
- (d) the maximum taxable Social Security wage bases after 1989 will increase at the rate of 4% per year.

5. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(V).

6. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Alcoils Hourly Plan as in effect on December 30, 1989 (as though the provisions of the Alcoils Hourly Plan had remained unchanged after December 30, 1989), based on the Participant's Years of Benefit Accrual as of December 31, 1989, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1995, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Alcoils Hourly Plan as in effect on December 30, 1989, based on the Participant's Years of Benefit Accrual as of his retirement date. Such amount shall be determined as though the provisions of the Alcoils Hourly Plan had remained unchanged after December 30, 1989.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 6, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1994, but retires on or after January 1, 1995, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1994, plus (b) increases thereon from January 1, 1995, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit would be increased by this

paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

7. TRANSFERRED EMPLOYEES

If an individual is entitled to benefits in accordance with this Subpart II(V), but ceased to accrue Years of Benefit Accrual prior to December 31, 1989, on account of his transfer out of covered employment, his Accrued Benefit and Accrued Benefit Account shall be determined based on the benefit rate in effect as of the date of the last such transfer rather than \$12.00, and he shall not be entitled to a Supplemental Benefit or Supplemental Benefit Account under this Subpart II(V).

8. CREDITED SERVICE

A Participant's Credited Service under the Plan as of January 1, 1990, shall equal his Years of Benefit Accrual under the Alcoils Hourly Plan as of December 31, 1989.

SUBPART II(W): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE
MARENGO HOURLY PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(W) shall apply to any individual who had an undistributed accrued benefit under the Marengo Hourly Plan (069) as of December 31, 1989, and who is an Employee on January 1, 1990. If an individual had an undistributed accrued benefit under the Marengo Hourly Plan as of December 31, 1989, and the individual is employed by the Company on or after January 1, 1990, but is not an Employee on January 1, 1990, the special provisions in this Subpart II(W) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(W) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1990, shall equal 190 times the Employee's Accrued Benefit.

Each Employee's Accrued Benefit shall equal \$12.00 multiplied by the number of years and fractional parts thereof of his Years of Benefit Accrual at December 31, 1989, to a maximum of 35 such years, where Years of Benefit Accrual are as defined in the Marengo Hourly Plan as in effect on December 30, 1989 (except that the Employee's fractional Years of Benefit Accrual for his year of hire shall equal two times his actual period of employment in such year, but shall not exceed one year), such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by $88.960/190$ ths.

If an Employee has reached age 62 on or before January 1, 1990, his Accrued Benefit Account as of January 1, 1990, shall be increased by the amount that would have been the Employee's Supplemental Benefit Account, calculated as described in Section 3.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employees' Supplemental Benefit Account as of January 1, 1990, shall equal the excess of (a) over the sum of (b) and (c):

(a) 190 times the First Objective Benefit described in Section 4.

- (b) the Employee's Accrued Benefit Account as of January 1, 1990, determined before the adjustment in the last paragraph of Section 2.
- (c) the sum of the credits, based on the total elapsed time worked for the Company, expected to be made in accordance with Section 3.01 B. from January 1, 1990, until the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(W).

Each Employee's Supplemental Benefit shall equal $1/190$ th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1990, to the number of years and months from January 1, 1993, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1990, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account. Instead, the amount that would have been the Employee's Supplemental Benefit Account, determined in accordance with this Section 3, shall be added to the Employee's Accrued Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal \$12.00, multiplied by the projected number of years and fractional parts thereof of his Years of Benefit Accrual three years before his Normal Retirement Date plus three additional Years of Benefit Accrual, to a maximum of 35 Years of Benefit Accrual, where Years of Benefit Accrual are as defined in the Marengo Hourly Plan as in effect on December 30, 1989 (except that the Employee's fractional Years of Benefit Accrual for his year of hire shall equal two times his actual period of employment in such year, but shall not exceed one year), such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by $88.960/190$ ths.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Compensation shall be determined assuming:

- (a) the Employee's Compensation for 1990 will equal 105% of the greatest of

(1) his 1989 Earnings, (2) 105% of his 1988 Earnings, and (3) 110% of his 1987 Earnings.

- (b) his Compensation for subsequent years will increase at the rate of 5% per year.
- (c) Compensation for any part of a year will be a pro rata part of the projected Compensation for the entire year.
- (d) the maximum taxable Social Security wage bases after 1989 will increase at the rate of 4% per year.

5. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(W).

6. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the Marengo Hourly Plan as in effect on December 30, 1989 (as though the provisions of the Marengo Hourly Plan had remained unchanged after December 30, 1989), based on the Participant's Years of Benefit Accrual as of December 31, 1989, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1995, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the Marengo Hourly Plan as in effect on December 30, 1989, based on the Participant's Years of Benefit Accrual as of his retirement date. Such amount shall be determined as though the provisions of the Marengo Hourly Plan had remained unchanged after December 30, 1989.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 6, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1994, but retires on or after January 1, 1995, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1994, plus (b) increases thereon from January 1, 1995, at the rate described in Section 3.01

C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

7. TRANSFERRED EMPLOYEES

If an individual is entitled to benefits in accordance with this Subpart II(W), but ceased to accrue Years of Benefit Accrual prior to December 31, 1989, on account of his transfer out of covered employment, his Accrued Benefit and Accrued Benefit Account shall be determined based on the benefit rate in effect as of the date of the last such transfer rather than \$12.00, and he shall not be entitled to a Supplemental Benefit or Supplemental Benefit Account under this Subpart II(W).

8. CREDITED SERVICE

A Participant's Credited Service under the Plan as of January 1, 1990, shall equal his Years of Benefit Accrual under the Marengo Hourly Plan as of December 31, 1989.

SUBPART II(X): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE IPTD
PENSION PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(X) shall apply to any individual who had an undistributed accrued benefit under the IPTD Pension Plan (031) as of December 31, 1989, and who is an Employee on January 1, 1990. If an individual had an undistributed accrued benefit under the IPTD Pension Plan as of December 31, 1989, and the individual is employed by the Company on or after January 1, 1990, but is not an Employee on January 1, 1990, the special provisions in this Subpart II(X) shall apply to such individual in the manner prescribed by Section 9 A. or Section 9 B. of Subpart II(A), whichever is applicable. An individual shall not be eligible for any benefit under this Subpart II(X) unless he is described in one of the two preceding sentences.

2. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1990, shall equal 190 times the Employee's Accrued Benefit.

Each Employee's Accrued Benefit shall equal \$12.00 multiplied by the number of years and fractional parts thereof of his Credited Service at December 31, 1989, where Credited Service is as defined in the IPTD Pension Plan as in effect on December 30, 1989, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by 88.960/190ths.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employees' Supplemental Benefit Account as of January 1, 1990, shall equal the excess of (a) 190 times the First Objective Benefit described in Section 4 over the sum of (b) his Accrued Benefit Account as of January 1, 1990, plus (c) the sum of the credits expected to be made in accordance with Section 3.01 B. from January 1, 1990, until the Employee's Normal Retirement Date, plus related credits under Section 3.01 C., discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, using the assumptions described in Section 4 of this Subpart II(X).

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1990, to the number of years and months from January 1, 1993, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1990, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

4. FIRST OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal \$12.00, multiplied by the projected number of years and fractional parts thereof of his Credited Service at Normal Retirement Date, where Credited Service is as defined in the IPTD Pension Plan as in effect on December 30, 1989, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1990, precedes the Employee's Normal Retirement Date, and multiplied by $88.960/190$ ths.

B. ASSUMPTIONS

For purposes of determining the Employee's First Objective Benefit, the Employee's projected Compensation shall be determined assuming:

- (a) the Employee's Compensation for 1990 will equal 105% of the greatest of (1) his 1989 Earnings, (2) 105% of his 1988 Earnings, and (3) 110% of his 1987 Earnings.
- (b) his Compensation for subsequent years will increase at the rate of 5% per year.
- (c) Compensation for any part of a year will be a pro rata part of the projected Compensation for the entire year.
- (d) the maximum taxable Social Security wage bases after 1989 will increase at the rate of 4% per year.

5. ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Ancillary Benefit Account under this Subpart II(X).

6. NO REDUCTION IN BENEFITS

If a Participant's benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the benefit that would have been paid under the terms of the IPTD Pension Plan as in effect on December 30, 1989 (as though the provisions of the IPTD Pension Plan had remained unchanged after December 30, 1989), based on the Participant's Credited

Service as of December 31, 1989, and his Vesting Service as of the date of termination or retirement.

If a Participant retires before January 1, 1995, and his benefit is paid in the form of a level annuity or lump-sum payment, such benefit shall not be less than the level annuity or lump-sum benefit that would have been paid under the terms of the IPTD Pension Plan as in effect on December 30, 1989, based on the Participant's Credited Service as of his retirement date. Such amount shall be determined as though the provisions of the IPTD Pension Plan had remained unchanged after December 30, 1989, except that the benefit level for purposes of this Section 6 shall be \$12.00 per year of Credited Service.

If the Participant's level annuity benefit would be increased by the preceding portions of this Section 6, the Participant's increasing annuity benefit shall be increased by the same percentage.

If a Participant is eligible to retire on December 31, 1994, but retires on or after January 1, 1995, the lump-sum payment to which the Participant will be entitled when he retires shall equal at least the sum of (a) the lump-sum benefit to which he would have been entitled had he retired on December 31, 1994, plus (b) increases thereon from January 1, 1995, at the rate described in Section 3.01 C. If the Participant's lump-sum payment would be increased by this paragraph, the Participant's level annuity benefit would be increased by this paragraph, the Participant's level annuity benefit and increasing annuity benefit shall be increased by the same percentage.

7. TRANSFERRED EMPLOYEES

If an individual is entitled to benefits in accordance with this Subpart II(X), but ceased to accrue Credited Service prior to December 31, 1989, on account of his transfer out of covered employment, his Accrued Benefit and Accrued Benefit Account shall be determined based on the benefit rate in effect at the time of such transfer rather than \$12.00, and he shall not be entitled to a Supplemental Benefit or Supplemental Benefit Account under this Subpart II(X).

SUBPART II(Y): PROVISIONS APPLICABLE TO PARTICIPANTS IN THE WCT
RETIREMENT PLAN

1. ELIGIBLE EMPLOYEES

The special provisions in Section 2 of this Subpart II(Y) shall apply to any individual who had an undistributed accrued benefit under the WCT Retirement Plan (098) as of December 31, 1991, and who is an Employee on January 1, 1992. If an individual had an undistributed accrued benefit under the WCT Retirement Plan as of December 31, 1991, and the individual is not an Employee on January 1, 1992, the special provisions in Section 3 of this Subpart II(Y) shall apply to such individual, without regard to Section 9 A. or Section 9 B. of Subpart II(A). An individual shall not be eligible for any benefit under this Subpart II(Y) unless he is described in one of the two preceding sentences.

2. ACCOUNTS FOR CURRENT PARTICIPANTS

When the merger of the WCT Retirement Plan with this Plan has been completed, any Accrued Benefit Account, Supplemental Benefit Account, Future Service Account, or Ancillary Benefit Account that was credited to an Employee under the WCT Retirement Plan as of the date of the merger shall be treated for all purposes after the date of the merger as if it had been earned under this Plan. Any additional benefits that the Employee earns under this Plan after the date of the merger shall be added to the appropriate accounts, if any, that have been credited to the Employee under this Subpart II(Y).

3. ACCOUNTS FOR FORMER PARTICIPANTS

When the merger of the WCT Retirement Plan with this Plan has been completed, any Accrued Benefit Account, Supplemental Benefit Account, Future Service Account, or Ancillary Benefit Account that was credited to an individual under the WCT Retirement Plan as of the date of the merger shall be treated for all purposes after the date of the merger as if it had been earned under this Plan.

If the individual is employed by the Company on or after January 1, 1992, but the individual is not an Employee on January 1, 1992, the individual shall be treated as if he had transferred to a position in which he is no longer covered by this Plan as of the date on which he ceased to be covered by the WCT Retirement Plan, and the provisions of this Plan that apply to transferred employees shall apply to the individual from that date.

If the individual is not employed by the Company on or after January 1, 1992, the individual shall be treated as if he had terminated his employment with the

Company as of the date on which he terminated his employment with Warner Control Techniques, and the provisions of this Plan that apply to former employees shall apply to the individual from that date.

An individual who is not an Employee on or after January 1, 1992, shall earn additional benefits under this Plan only pursuant to the provisions of this Plan, if any, that expressly provide additional benefits to transferred employees or former employees.

SUBPART II(Z): PROVISIONS APPLICABLE TO HOPKINSVILLE, KENTUCKY,
EMPLOYEES

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(Z) shall apply to all Employees who were employed at the Hopkinsville, Kentucky, facility on January 1, 1991. An individual shall not be eligible for any benefit under this Subpart II(Z) unless he is described in the preceding sentence.

2. ACCRUED BENEFIT: ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1991, shall equal the Future Service Account that the Employee would have had as of January 1, 1991, had this Plan (i) been effective as of August 1, 1989, (ii) covered Employees at the Hopkinsville, Kentucky, facility as of such date; and (iii) stated that an Employee hired at the Hopkinsville, Kentucky, facility on or after that date and before January 1, 1991, would become a Participant in the Plan on the first of January following his year of hire.

For purposes of computing such Future Service Account for an individual who became an Employee at the Hopkinsville, Kentucky, facility on or after August 1, 1989, and before January 1, 1991:

- (a) 1/4th of the maximum taxable Social Security wage base for 1990 shall be assumed to be \$12,825.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have a Supplemental Benefit, a Supplemental Benefit Account, or an Ancillary Benefit Account under this Subpart II(Z).

SUBPART II(AA): PROVISIONS APPLICABLE TO LUGOFF, SOUTH CAROLINA,
EMPLOYEES

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(AA) shall apply to all Employees who were employed at the Lugoff, South Carolina, facility on January 1, 1990. An individual shall not be eligible for any benefit under this Subpart II(AA) unless he is described in the preceding sentence.

2. ACCRUED BENEFIT: ACCRUED BENEFIT ACCOUNT

Each Employee's Accrued Benefit Account as of January 1, 1990, shall equal the Future Service Account the Employee would have had as of January 1, 1990, had this Plan (i) been effective as of May 1, 1987; (ii) covered employees at the Lugoff, South Carolina, facility as of such date; and (iii) stated that an Employee hired at the Lugoff, South Carolina, facility on or after that date and before January 1, 1990, would become a Participant in the Plan on his date of hire.

For purposes of computing such Future Service Account for an individual who became an Employee at the Lugoff, South Carolina, facility on or after May 1, 1987, and before January 1, 1990:

- (a) 1/4th of the maximum taxable Social Security wage bases for 1989, 1988, and 1987 shall be assumed to be \$12,000, \$11,250, and \$7,300 (8/12ths of \$10,950), respectively, and
- (b) the credit as of December 31, 1988, and December 31, 1989, in accordance with Section 3.01 C. shall be at the rate of 7%.

3. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have a Supplemental Benefit, a Supplemental Benefit Account, or an Ancillary Benefit Account under this Subpart II(AA).

SUBPART II(BB): PROVISIONS APPLICABLE TO CERTAIN EMPLOYEES OF THE
PERFECT CIRCLE DIVISION'S HASTINGS, NEBRASKA,
FACILITY

1. ELIGIBLE EMPLOYEES

The special provisions in this Subpart II(BB) shall apply to any individual who was eligible to receive a "company basic contribution" under the Dana Corporation Savings and Investment Plan on December 31, 1993, and who is a full-time Employee at the Perfect Circle Division's Hastings, Nebraska, facility on January 1, 1994. An individual shall not be eligible for any benefit under this Subpart II(BB) unless he is described in the preceding sentence.

2. SUPPLEMENTAL BENEFIT; SUPPLEMENTAL BENEFIT ACCOUNT

Each Employee's Supplemental Benefit Account as of January 1, 1994, shall equal the excess of the First Objective Benefit over the Second Objective Benefit.

Each Employee's Supplemental Benefit shall equal 1/190th of the Employee's Supplemental Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after January 1, 1994, to the number of years and months from January 1, 1997, to the Employee's Normal Retirement Date.

If an Employee has reached age 62 on or before January 1, 1994, the Employee shall not have a Supplemental Benefit or a Supplemental Benefit Account.

3. FIRST AND SECOND OBJECTIVE BENEFITS

A. DEFINITIONS

Each Employee's First Objective Benefit shall equal the sum of the employer contributions expected to be made under the Dana Corporation Savings and Investment Plan (had it continued unchanged) after January 1, 1994, and before the Employee's Normal Retirement Date, accumulated with interest at the rate of 7% per year (compounded annually) from the date each such contribution is expected to have been made to the date three years before the Employee's Normal Retirement Date, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1997, precedes the Employee's Normal Retirement Date.

Each Employee's Second Objective Benefit shall equal the sum of the credits expected to be made in accordance with Section 3.01 B., from January 1, 1994, until the date that is three years before the Employee's Normal Retirement

Date, accumulated with interest at the rate of 7% per year (compounded annually) from the date each such credit is expected to have been made to the Employee's Normal Retirement Date, such amount then discounted 7% per year (compounded annually) for each year that January 1, 1997, precedes the Employee's Normal Retirement Date.

B. ASSUMPTIONS

For purposes of determining the Employee's First and Second Objective Benefit, the following assumptions shall be made:

- (a) Each year's employer contributions under the Dana Corporation Savings and Investment Plan would have equaled 5% of Earnings for the year.
- (b) The Employee's 1994 Earnings will equal 103.5% of the greatest of (1) his 1993 Earnings, (2) 103.5% of his 1992 Earnings, and (3) 107% of his 1991 Earnings.
- (c) His Earnings for subsequent years will increase at the rate of 5% per year.
- (d) Earnings for any part of a year will be a pro rata part of the projected Earnings for the entire year.
- (e) The maximum taxable Social Security wage bases after 1994 will increase at the rate of 4% per year.

4. ACCRUED BENEFIT; ACCRUED BENEFIT ACCOUNT; ANCILLARY BENEFIT ACCOUNT

No Employee shall have an Accrued Benefit, Accrued Benefit Account, or Ancillary Benefit Account under this Subpart II(BB).

PART III: PROVISIONS APPLICABLE TO PARTICIPANTS AFFECTED BY THE SALE OF
WILLIAMS AIR CONTROLS

1. PURPOSE

On December 1, 1988, Dana Corporation sold its Williams Air Controls division to Williams Controls, Inc. ("WCI"). Under the terms of the asset purchase agreement, WCI assumed the assets and liabilities of the Dana Corporation Williams Air Controls Division Retirement Income Plan (038) (the "Williams Air Controls Plan").

Certain individuals who had participated in the Williams Air Controls Plan before December 1, 1988, transferred to employment with the Mobile Fluid Products Division of Dana Corporation on or before the date of the sale. These individuals have become participants in this Plan as a result of their employment with Employers that have adopted the Plan.

Any individual who had a vested accrued benefit under the Williams Air Controls Plan on December 1, 1988, will receive that benefit from the Williams Air Controls Plan (as assumed and maintained by WCI or any successor to WCI). In the case of individuals who continued to work for Dana Corporation and its affiliates after the sale, however, the benefit under the Williams Air Controls Plan will not reflect increases in their compensation after December 1, 1988.

The purpose of this Part III of Appendix E is to allow each eligible former participant to earn an additional benefit, with respect to his period of participation in the Williams Air Controls Plan, that reflects projected increases in his compensation from the date of his transfer out of the Williams Air Controls Plan (his "Transfer Date") to his retirement date.

2. ELIGIBLE EMPLOYEES

The special provisions in this Part III shall apply to any individual (i) who had an undistributed accrued benefit under the Williams Air Controls Plan on November 30, 1988, (ii) who transferred from employment with Williams Air Controls to employment with any division of Dana Corporation on or before December 1, 1988, and (iii) who is an Employee under this Plan without regard to the special provisions in this Part III. An individual shall not be eligible for any benefit under this Part III unless he is described in the preceding sentence.

3. COMPENSATION LIMIT

- A. \$200,000 COMPENSATION LIMIT. If an Employee's compensation taken into account under the Plan exceeds \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code) for any Plan Year (including Plan Years commencing before December 1, 1988), his Williams Air Controls Accrued Benefit, Accrued Benefit Account, Additional Compensation Benefit, and Additional Compensation Benefit Account shall be determined without regard to any compensation or projected compensation in excess of \$200,000 (or such greater amount as shall be permitted pursuant to Section 401(a)(17) of the Code).
- B. \$150,000 COMPENSATION LIMIT.
- (a) If an Employee's Additional Compensation Benefit and Additional Compensation Benefit Account at December 31, 1993, are based on monthly earnings (for any year before 1989) that exceeded \$12,500 (one twelfth of \$150,000), the Employee's Additional Compensation Benefit and Additional Compensation Benefit Account shall be recalculated as if his monthly earnings for each year before 1989 had been limited to \$12,500. On and after January 1, 1994, the Employee's Credited Service ratio shall be applied to his recalculated Additional Compensation Benefit and Additional Compensation Benefit Account in order to determine the portion of his Additional Compensation Benefit and Additional Compensation Benefit Account that the Employee earns in Plan Years beginning after 1993.
- (b) In no event shall the recalculation of the Employee's Additional Compensation Benefit and Additional Compensation Benefit Account to reflect the \$150,000 compensation limit reduce the Employee's Earned Benefit and Earned Benefit Account below the amount that the Employee had accrued as of December 31, 1993.
- (c) The recalculated Additional Compensation Benefit and Additional Compensation Benefit Account described in paragraph (a) shall be credited with percentage increases under the regular provisions of Appendix H. The Additional Compensation Benefit and Additional Compensation Benefit Account that the Employee had earned at the end of 1993 shall be credited with percentage

increases under the two-tier method described in Appendix H for benefits affected by the \$150,000 limit. The Employee's Additional Compensation Benefit and Additional Compensation Benefit Account shall be the larger of the two amounts calculated in accordance with the preceding two sentences.

- (d) If an Employee's Additional Compensation Benefit and Additional Compensation Benefit Account at December 31, 1993, are not based on monthly earnings (for any year before 1989) that exceeded \$12,500, the Employee's Additional Compensation Benefit and Additional Compensation Benefit Account shall continue to be calculated under the regular provisions of the Plan and Part III of Appendix E, without regard to this Section 3. B.

4. WILLIAMS AIR CONTROLS ACCRUED BENEFIT ACCOUNT

An Employee's Williams Air Controls Accrued Benefit and Williams Air Controls Accrued Benefit Account, as determined under this Section 4, shall be used solely in calculating the amount of the Employee's Additional Compensation Benefit. Because the Williams Air Controls Plan was never merged with this Plan, an Employee shall not be eligible to receive his Williams Air Controls Accrued Benefit or his Williams Air Controls Accrued Benefit Account under this Plan. (By contrast, in the case of a plan that was merged with this Plan, an Employee's Accrued Benefit and Accrued Benefit Account, as determined under the provisions of the merged plan, shall be payable from this Plan to the extent provided in the applicable subpart of this Appendix E.)

Each Employee's Williams Air Controls Accrued Benefit Account as of December 1, 1988, shall equal 190 times the Employee's Williams Air Controls Accrued Benefit. Each Employee's Williams Air Controls Accrued Benefit shall be determined as of his Transfer Date, and shall equal the greater of (a) or (b), where Final Monthly Earnings, Primary Social Security Benefit, and Credited Service are as defined in the Williams Air Controls Plan as in effect on November 30, 1988, such amount then discounted 7% per year (compounded annually) for each year that December 1, 1988, precedes the Employee's Normal Retirement Date, and multiplied by 86.037/190ths:

(a) The excess of (i) over (ii):

- (i) 1.6% of the Employee's Final Monthly Earnings at November 30, 1988, multiplied by the number of years and fractional parts thereof of his actual Credited Service at November 30, 1988.
- (ii) 2.0% of the Employee's Primary Social Security Benefit at November 30, 1988, multiplied by the number of years and fractional parts thereof of his actual Credited Service at November 30, 1988, to a maximum of 25 such years.

(b) \$15.00 multiplied by the number of years and fractional parts thereof of his actual Credited Service at November 30, 1988.

5. ADDITIONAL COMPENSATION BENEFIT

Each Employee's Additional Compensation Benefit Account as of December 1, 1988, shall equal the excess of (a) over (b):

- (a) 190 times the Williams Air Controls Objective Benefit described below.
- (b) the Williams Air Controls Accrued Benefit Account as of December 1, 1988.

Each Employee's Additional Compensation Benefit shall equal 1/190th of the Employee's Additional Compensation Benefit Account, times the ratio, not to exceed 1.0, of the Employee's Credited Service after December 1, 1988, to the number of years and months from December 1, 1991, to the Employee's Normal Retirement Date. (The same Credited Service ratio shall be used to determine the portion of the Employee's Additional Compensation Benefit Account that he has earned as of any date.)

If an Employee has reached age 62 on or before December 1, 1988, the Employee shall not have an Additional Compensation Benefit or an Additional Compensation Benefit Account.

6. WILLIAMS AIR CONTROLS OBJECTIVE BENEFIT

A. DEFINITIONS

Each Employee's Williams Air Controls Objective Benefit shall equal the excess of (a) over (b), where Final Monthly Earnings, Primary Social Security Benefit, and Credited Service are as defined in the Williams Air Controls Plan as in effect on November 30, 1988 (except as noted below), such amount then discounted 7% per year (compounded annually) for each year that December 1, 1988, precedes the Employee's Normal Retirement Date, and multiplied by 86.037/190ths:

- (a) 1.6% of the Employee's projected Final Monthly Earnings at his Normal Retirement Date, multiplied by the number of years and fractional parts thereof of his actual Credited Service at November 30, 1988.
- (b) 2.0% of the Employee's projected Primary Social Security Benefit at his Normal Retirement Date, multiplied by the number of years and fractional parts thereof of his actual Credited Service at November 30, 1988, to a maximum of 25 such years.

Solely for purposes of this Section 6, an Employee's Final Monthly Earnings shall be calculated as if the Williams Air Controls Plan, at all times on and after the Employee's Transfer Date, had defined "Final Monthly Earnings" to include compensation earned with any member of Dana Corporation's controlled group, regardless of whether the Employee was covered by the Williams Air Controls Plan when he earned such compensation.

B. ASSUMPTIONS

For purposes of determining the Employee's Williams Air Controls Objective Benefit, the Employee's projected Final Monthly Earnings and projected Primary Social Security Benefit shall be determined assuming:

- (a) The Employee's earnings taken into account under the Williams Air Controls Plan for 1988 will be the greatest of (i) his 1988 earnings, (ii) 105% of his 1987 earnings, and (iii) 110% of his 1986 earnings.
- (b) His earnings taken into account under the Williams Air Controls Plan for years after 1988 will be assumed to increase at the rate of 4.5% per year.
- (c) His previous earnings increased at a rate of 6% per year, and were of such amounts that the Employee's average monthly earnings for 1986 through 1988 equaled his Final Monthly Earnings as of December 1, 1988; the

maximum taxable Social Security wage bases after 1988 will increase at the rate of 3.5% per year; and increases in Social Security benefits on account of changes in the Consumer Price Index will be at the rate of 3.0% per year.

- (d) The Primary Social Security Benefit will be determined by applying (i) the ratio that the Primary Social Security Benefit determined under Section 4(a)(ii), above, bears to \$670 (which ratio shall not exceed 1.0) to (ii) the projected Primary Social Security Benefit determined under Section 6 B(c), above.

7. INTEREST CREDITS DURING TRANSITION PERIOD

For purposes of this Part III, the "Transition Period" shall be the period from December 1, 1988, through December 31, 1988. An Employee's Additional Compensation Benefit Account at December 1, 1988, shall be increased by .583% at December 31, 1988. For Plan Years ending after December 31, 1988, an Employee's Additional Compensation Benefit Account shall be increased as described in Section 3.01 C. of the Plan.

8. PAYMENT OF ADDITIONAL COMPENSATION BENEFIT

An Employee's Additional Compensation Benefit and Additional Compensation Benefit Account, computed in accordance with this Part III, shall be treated for all purposes under the Plan as if they were part of the Employee's Supplemental Benefit and Supplemental Benefit Account, respectively, and shall be paid at the same time and in the same manner as the Employee's Supplemental Benefit or Supplemental Benefit Account.

APPENDIX F

EMPLOYEES OF FOREIGN AFFILIATES
WHO PARTICIPATE IN THE PLAN

1. FOREIGN AFFILIATES COVERED BY CODE SECTION 3121(L) AGREEMENTS

The Company has entered into agreements under Section 3121(1) of the Code with the foreign affiliates listed below:

Dana Equipamentos Limitada (Brazil)
Hayes-Dana

An individual employed by a foreign affiliate listed above shall be deemed to be an "Employee" for purposes of the Plan, provided that (1) such individual is a United States citizen, and (2) contributions under a funded plan of deferred compensation are not made by any other person with respect to the remuneration paid to such individual by the foreign affiliate, and (3) such individual otherwise satisfies the definition of "Employee" in Section 1.11 of the Plan.

2. KEY LOCAL NATIONALS AND THIRD COUNTRY NATIONALS

The Plan Administrator may designate certain "Key Local Nationals" or "Third Country Nationals" who are eligible to participate in the Plan. A list of individuals so designated shall be maintained by the Plan Administrator or his designee. The list shall contain each eligible Employee's pension Credited Service and Vesting Service date(s), as well as his compensation history, expressed in U.S. dollars. Notwithstanding Sections 1.09, 1.10, and 1.27 of the Plan, the Credited Service, Earnings, and Vesting Service of an Employee who is a "Key Local National" or "Third Country National" shall be determined in accordance with the list maintained by the Plan Administrator or his designee.

APPENDIX G
 ACTUARIAL EQUIVALENTS
 (UP84 + 1 : 7%)

AGE	UNREDUCED BENEFIT AT AGE 62	UNREDUCED BENEFIT AT AGE 65
50	0.31189	0.22184
51	0.34063	0.24228
52	0.37251	0.26496
53	0.40794	0.29015
54	0.44739	0.31821
55	0.49142	0.34953
56	0.54069	0.38457
57	0.59595	0.42388
58	0.65810	0.46809
59	0.72821	0.51795
60	0.80751	0.57436
61	0.89752	0.63838
62	1.00000	0.71127
63	1.00000	0.79456
64	1.00000	0.89007
65	1.00000	1.00000

APPENDIX H

INTEREST CREDITS AND
ESCALATOR PERCENTAGESAS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 1994

I. INTEREST CREDITS UNDER SECTION 3.01 C.

For any Plan Year ending after the Transition Period, the applicable percentage increase in an Employee's or Former Employee's Accounts under Section 3.01 C. shall be determined in accordance with the following rules:

1. GUARANTEED MINIMUM PERCENTAGE INCREASE. For any Plan Year, the guaranteed minimum percentage increase in an Employee's or Former Employee's Accounts shall be determined under subparagraph a. or b., whichever is applicable:
 - a. Except as provided in subparagraph b., below, the percentage increase in an Employee's or Former Employee's Accounts shall be the smaller of (i) 5%, or (ii) the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") during the preceding Plan Year (measured by comparing the CPI-W for December of the preceding Plan Year with the CPI-W for December a year earlier).
 - b. For any Plan Year in which the Employee's or Former Employee's Credited Service, determined as of the end of such Plan Year, is less than 32 full years of Credited Service, the percentage increase in the Employee's or Former Employee's Future Service Account shall not be less than 5%.
2. AD HOC PERCENTAGE INCREASE. The Funds Committee of the Board of Directors of Dana Corporation may increase the applicable percentage for any Plan Year by adopting a written resolution that adds the increased percentage to Column A of Table H. Any ad hoc percentage increase adopted pursuant to this paragraph 2. shall apply only for the Plan Year with respect to which it is adopted: it shall not become a permanent feature of the Plan. Except as

provided in paragraphs 3. and 4., below, if the ad hoc percentage increase is greater than the applicable guaranteed minimum percentage increase specified in paragraph 1., above, the ad hoc percentage increase shall apply to the Employee's or Former Employee's Accounts instead of the applicable guaranteed minimum percentage increase.

3. BENEFITS AFFECTED BY \$150,000 LIMIT. If an Employee's or Former Employee's Accounts include the value of benefits that accrued before January 1, 1994, based on actual earnings for any year before 1994 that exceeded \$150,000, the Employee's or Former Employee's Accounts shall be recalculated as of December 31, 1993, as if his actual earnings for each year before 1994 had not exceeded \$150,000. The accounts determined in accordance with the preceding sentence shall be the Employee's or Former Employee's "Limited 1993 Accounts"; the accounts determined as of December 31, 1993, under the regular provisions of the Plan and Appendix E, without regard to the preceding sentence, shall be the Employee's or Former Employee's "Regular 1993 Accounts." The applicable percentage increase shall be determined as follows for any Employee or Former Employee whose Accounts are recalculated as described in the first sentence of this paragraph:

- a. The applicable percentage for the Employee's or Former Employee's Limited 1993 Accounts, and for any portion of the Employee's or Former Employee's Accounts that accrues after 1993, shall be the greater of the applicable guaranteed minimum percentage increase specified in paragraph 1. or the ad hoc percentage increase specified in paragraph 2.
- b. The Employee's or Former Employee's Limited 1993 Accounts shall be subtracted from his Regular 1993 Accounts, and the applicable percentage for the remainder shall be the guaranteed minimum percentage increase specified in paragraph 1. Any ad hoc percentage increase specified in paragraph 2. shall not apply to this portion of the Employee's or Former Employee's Accounts.
- c. Any percentage increase in an Employee's or Former Employee's Accounts that is determined under subparagraph a., above, shall be added to the portion of the Employee's or Former Employee's Accounts for which the percentage increase in subsequent years is determined under subparagraph a. Any percentage increase in an Employee's or Former Employee's Accounts that is determined under

subparagraph b., above, shall be added to the portion of the Employee's or Former Employee's Accounts for which the percentage increase in subsequent years is determined under subparagraph b.

4. FIVE-YEAR GRANDFATHER BENEFIT. Under Section 14 of Part I of Appendix E, a Participant who is eligible to retire on July 1, 1993, but who retires after that date, may receive the lump-sum payment to which he would have been entitled had he retired on July 1, 1993 (determined under the terms of the Plan as in effect immediately before the Adoption Date, with certain modifications specified in Section 14 of Part I of Appendix E). This lump-sum amount is treated under the Plan as a guaranteed minimum Earned Benefit Account, and is credited with interest from July 1, 1993, until the Participant's benefit commencement date at the rate specified in Section 3.01 C. If the Participant's lump-sum payment is larger under the five-year grandfather provision than it is under the other provisions of the Plan and Appendix E, the Participant's level annuity benefit and increasing annuity benefit are increased by the same percentage. The Participants in certain Merged Plans are eligible to receive comparable five-year grandfather benefits under the applicable subparts of Part II of Appendix E.

If any five-year grandfather benefit that accrued before January 1, 1994, was based on compensation for any year that exceeded \$150,000, the five-year grandfather benefit shall be recalculated, and the recalculated benefit shall be credited with interest, in the manner described in paragraph 3., above.

II. ESCALATOR PERCENTAGES UNDER SECTION 12.01 B.

For any Plan Year ending after the Transition Period, the applicable percentage increase in an Employee's or Former Employee's Earned Benefit (and in the Supplemental Benefit that could accrue in the future) under Section 12.01 B. shall be determined in accordance with the following rules:

1. GUARANTEED MINIMUM PERCENTAGE INCREASE. For any Plan Year, the guaranteed minimum percentage increase in an Employee's or Former Employee's Earned Benefit (and in the Supplemental Benefit that could accrue in the future) shall be determined under subparagraph a. or b., whichever is applicable:
- a. Except as provided in subparagraph b., below, the percentage increase

in an Employee's or Former Employee's Earned Benefit (and in the Supplemental Benefit that could accrue in the future) shall be the smaller of (i) 5%, or (ii) the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") during the preceding Plan Year (measured by comparing the CPI-W for December of the preceding Plan Year with the CPI-W for December a year earlier).

- b. For any Plan Year in which the Employee or Former Employee has neither attained at least age 66 nor completed at least 32 full years of Credited Service (assuming continuous employment by the Company after the Plan Year in which such benefit accrued), no guaranteed minimum percentage increase shall apply to the Employee's or Former Employee's future service benefit described in Section 12.01 A.

2. AD HOC PERCENTAGE INCREASE. The Funds Committee of the Board of Directors of Dana Corporation may increase the applicable escalator percentages for any Plan Year by adopting a written resolution that adds the increased percentages to Table H. Any increased escalator percentages shall apply to the Employee's or Former Employee's Earned Benefit (and to the Supplemental Benefit that could accrue in the future) as set forth in subparagraph a. or b., whichever is applicable:

- a. Except as provided in subparagraph b., below, the increased escalator percentage indicated in Column A of Table H shall apply to the Employee's or Former Employee's Earned Benefit (and to the Supplemental Benefit that could accrue in the future).
- b. For any Plan Year in which the Employee or Former Employee has neither attained at least age 66 nor completed at least 32 full years of Credited Service (assuming continuous employment by the Company after the Plan Year in which such benefit accrued), the increased escalator percentage indicated in Column B of Table H shall apply to the Employee's or Former Employee's future service benefit described in Section 12.01 A.

Any ad hoc percentage increase adopted pursuant to this paragraph 2. shall apply only for the Plan Year with respect to which it is adopted: it shall not become a permanent feature of the Plan. Except as provided in paragraph 3., below, if the ad hoc percentage increase is greater than the applicable

guaranteed minimum percentage increase specified in paragraph 1., above, the ad hoc percentage increase shall apply to the Employee's or Former Employee's Accounts instead of the applicable guaranteed minimum percentage increase.

3. BENEFITS AFFECTED BY \$150,000 LIMIT. If an Employee's or Former Employee's Earned Benefit (and the value of any Supplemental Benefit that could accrue in the future) includes the value of benefits that accrued before January 1, 1994, based on actual earnings for any year that exceeded \$150,000, the Employee's or Former Employee's Earned Benefit and unearned Supplemental Benefit shall be recalculated as of December 31, 1993, as if his actual earnings for each year before 1994 had not exceeded \$150,000. The amounts determined in accordance with the preceding sentence shall be the Employee's or Former Employee's "Limited 1993 Benefits"; the amounts determined as of December 31, 1993, under the regular provisions of the Plan and Appendix E, without regard to the preceding sentence, shall be the Employee's or Former Employee's "Regular 1993 Benefits." The applicable percentage increase shall be determined as follows for any Employee or Former Employee whose Earned Benefit and unearned Supplemental Benefit are recalculated as described in the first sentence of this paragraph:
- a. The applicable percentage for the Employee's or Former Employee's Limited 1993 Benefits, and for any portion of the Employee's or Former Employee's benefit that accrues after 1993, shall be the greater of the applicable guaranteed minimum percentage increase specified in paragraph 1. or the ad hoc percentage increase specified in paragraph 2.
 - b. The Employee's or Former Employee's Limited 1993 Benefits shall be subtracted from his Regular 1993 Benefits, and the applicable percentage for the remainder shall be the guaranteed minimum percentage increase specified in paragraph 1. Any ad hoc percentage increase specified in paragraph 2. shall not apply to this portion of the Employee's or Former Employee's benefit.
 - c. Any percentage increase in an Employee's or Former Employee's benefit that is determined under subparagraph a., above, shall be added to the portion of the Employee's or Former Employee's benefit for which the percentage increase in subsequent years is determined under

subparagraph a. Any percentage increase in an Employee's or Former Employee's benefit that is determined under subparagraph b., above, shall be added to the portion of the Employee's or Former Employee's benefit for which the percentage increase in subsequent years is determined under subparagraph b.

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TABLE H
INTEREST CREDITS AND
ESCALATOR PERCENTAGES

PLAN YEAR	COLUMN A	COLUMN B	PRIOR YEAR'S CPI-W INCREASE
1990	7%	1.90476%	4.5%
1991	7%	1.90476%	6.1%
1992	7%	1.90476%	2.8%
1993	7%	1.90476%	2.9%
1994	7%	1.90476%	2.5%
1995	7%	1.90476%	

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APPENDIX I

SPECIAL SERVICE-CREDITING
AND VESTING PROVISIONS

EFFECTIVE JANUARY 1, 1994

1. CREDIT FOR SERVICE WITH PREDECESSOR EMPLOYERS

Pursuant to Section 1.27, the Company may choose to treat service with certain predecessor employers as Vesting Service under the Plan. The Company will credit Vesting Service with any "affiliate" of the Company to the extent provided below. An entity is an "affiliate" of the Company during any period in which Dana Corporation has, directly or indirectly, any ownership interest greater than 0% and less than 80% in the entity (provided that an ownership interest shall not be taken into account for this purpose to the extent that it results from Dana Corporation's passive investment, directly or indirectly, in the securities of another publicly-traded company).

If an individual becomes a Participant in the Plan, he shall be eligible to receive credit for service with an affiliate of the Company under the rules set forth below:

- A. An individual shall be eligible to receive credit for any period of service that he performed for an entity while the entity was an affiliate of the Company.
- B. In addition, if an individual was actively employed by an entity on the date when the entity became an affiliate of the Company, the individual shall be eligible to receive credit for any period of service with the entity that preceded the date on which the entity became an affiliate of the Company.
- C. In no event shall an individual be eligible to receive credit for service with a former affiliate of the Company for any period of service with the entity that follows the date on which the entity ceased to be an affiliate of the Company.
- D. An Employee's or Part-Time Employee's service with an affiliate during the crediting period identified in subparagraph A. or B., above, shall be treated as Vesting Service to the same extent as if the service

had been performed for the Company.

- E. Service with an affiliate that is treated as "Vesting Service" under this Appendix I shall be treated as "Credited Service" under the Plan solely for the purpose of determining the percentage of Earnings allocated to a Participant's Future Service Account under Section 3.01 B. (and the corresponding rate of benefit accrual under Section 12.01 A.) Service with an affiliate that is treated as Vesting Service under this Appendix I shall not be treated as Credited Service, or taken into account in calculating a Participant's accrued benefit, for any other purpose under the Plan.
- F. The Plan Administrator may require an Employee or Part-Time Employee to produce evidence acceptable to the Plan Administrator of the Employee's or Part-Time Employee's service record with the affiliate as a condition of receiving service credit under this Appendix I.

2. FULL AND IMMEDIATE VESTING

Pursuant to Section 2.06, the Company may provide for the full and immediate vesting of designated groups of Employees or Former Employees. The Employees or Former Employees designated below shall be fully vested in their Earned Benefit Accounts as of the date indicated below.

Designated Employees -----	Vesting Date -----
All Employees who were actively employed at the Warner Electric Division's Walterboro, South Carolina, facility on the Vesting Date.	The closing date of the sale of the Warner Electric Division's Walterboro, South Carolina, facility.

APPENDIX J

SCHEDULE OF EFFECTIVE DATES
TO ACCOMPANY JANUARY 1, 1994, RESTATEMENT

The Plan, as in effect on June 30, 1988, received a favorable IRS determination letter on May 7, 1990, that considered the provisions required by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), the Deficit Reduction Act of 1984 ("DEFRA"), the Retirement Equity Act of 1984 ("REA"), and the temporary REA regulations. The Plan has been amended and restated from time to time since that date to incorporate provisions required by the Tax Reform Act of 1986 and subsequent legislation and regulations.

This schedule sets forth the effective dates of those provisions of the Plan that have been amended since June 30, 1988, to reflect changes in applicable law. The schedule shall be considered to be a part of the Plan. Amendments to the Plan that are not identified in this schedule (including amendments that are not legally required) shall be effective as of the dates set forth in the instruments adopting the amendments or in the particular provisions of the Plan that are affected by the amendments.

PROVISIONS ADDED OR AMENDED EFFECTIVE JANUARY 1, 1987

Plan Section 11.06 I.R.C. Section 416(i)	Definition of "key employee" amended to incorporate the cross reference to the defined benefit dollar limit.
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PROVISIONS ADDED OR AMENDED EFFECTIVE JULY 1, 1988

Plan Section 1.10 Appendix E Section Section I.9, I.14 I.R.C. Section 401(a)(17)	Definition of compensation amended to incorporate the \$200,000 limit. (These provisions of the Plan incorporated the \$200,000 limit six months before its statutory effective date.)
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PROVISIONS ADDED OR AMENDED EFFECTIVE DECEMBER 1, 1988

Appendix E Section III.3 I.R.C. Section 401(a)(17)	Special benefit provision adopted for individuals affected by the sale of the Williams Air Controls division on December 1, 1988. This provision incorporated the \$200,000 limit on compensation.
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PROVISIONS ADDED OR AMENDED EFFECTIVE JANUARY 1, 1989

Appendix E Section II(A).4, II(B), II(I), II(M), II(N) I.R.C. Section 401(a)(17)	Transition provisions adopted for participants in other defined benefit plans that were merged with the Plan as of December 31, 1988. These transition provisions (and the provisions adopted for subsequent plan mergers) incorporated the \$200,000 limit on compensation.
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PROVISIONS ADDED OR AMENDED EFFECTIVE MARCH 31, 1989

Former Plan Section 14.01 IRS Notice 88-131	Model Amendment I adopted to prevent any in excess of \$200,000 until the Plan is amended to reflect the annual compensation limit.
Former Plan Section 14.02 I.R.C. Section 401(a)(4) IRS Notice 88-131	Alternative IID adopted to prevent super-highly-compensated & employees from accruing additional benefits until the Plan is amended to comply with the Tax Reform Act of 1986.

PROVISIONS ADDED OR AMENDED EFFECTIVE JANUARY 1, 1993

Plan Section 3.09 I.R.C. Section 401(a)(31)	New section added to provide for the direct rollover of eligible rollover distributions from the Plan to an eligible retirement plan.
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PROVISIONS ADDED OR AMENDED EFFECTIVE AUGUST 5, 1993

Plan Section Section 1.05, 1.11, 1.16, 1.27 29 C.F.R. Section 825.215	Provisions governing eligibility and the crediting of service amended to provide credit for family and medical leave.
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PROVISIONS ADDED OR AMENDED EFFECTIVE JANUARY 1, 1994

Plan Section 1.10, former Plan Section 14.03, Appendix E, Appendix H I.R.C. Section 401(a)(17)	Definition of compensation amended to reflect the reduction in the annual limit from \$200,000 (indexed) to \$150,000 (indexed).
Plan Section 9.03 Treas. Reg. Section 1.401(a)(4)-5(b)	Distribution restrictions revised to reflect the new rules governing distributions to the Company's top 25 employees and certain other highly-compensated employees.
Former Plan Section Section 14.01, 14.02, 14.03 IRS Notice 88-131	Provisions reflecting Model Amendment I, Alternative IID, and temporary adoption of \$150,000 limit deleted to reflect the fully into compliance with applicable legal requirements.

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.

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 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 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 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) in the event that a Change in Control of the Corporation shall have taken place as the result of a tender or exchange offer, an amount equal to the per share consideration paid for a majority of the common stock of the Corporation acquired in the course of such tender or exchange offer. 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 on the effective date of this Plan; 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.

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.

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 May 1, 1991, to read as set forth above.

FIRST AMENDMENT TO THE DANA CORPORATION DIRECTORS'
STOCK OPTION PLAN

WHEREAS, at the Dana Corporation Board of Directors meeting held on April 18, 1994, the Board of Directors resolved that the Dana Corporation Directors' Stock Option Plan ("Plan") should be amended to adjust the number of shares that will be granted each year in recognition of the two-for-one stock split that had been authorized by the Board.

NOW THEREFORE, BE IT RESOLVED, that the Plan is amended, effective April 18, 1994, as follows:

- 1. Amend Section 6(a) of the Plan by adding the following sentence at the end of that Section:

"Such number of shares is subject to adjustment upon changes in capitalization as provided in Section 12 hereof."

Martin J. Strobel

Secretary

Mark A. Smith Jr.

Witness

[ILLUSTRATION NO. 1]

James E. Ayers

The following financial statements for 1994 show strong growth and improvement over 1993. Certain key markets such as North and South America were strong, but that is only part of the story. Each year, for the past several years, Dana's people have focused their efforts on rebuilding the financial performance of their operations. They have introduced new products to the markets and incorporated new technologies while modernizing and expanding Dana's global manufacturing base.

The ideas, skills and efforts of Dana people are the engine of Dana's global growth. This is the reason we are excited about the future opportunities for many of our products and services. Basic to our future growth is the Dana style of operations which strongly encourages ideas and participation from all employees in a free and nonrestrictive working environment. Creating such an environment develops people who are eager to grow and compete in the global markets.

Bringing new products and technology to our markets creates a strong need for training and investment to ensure success. It requires investments in education, engineering, and new equipment. Such investments have been accelerating the past few years and more are planned for 1995. Much progress has been made, and Dana's global sales continue to increase.

Dana has had a successful record of growth over its 90 years by developing strong products, acquiring new companies, and expanding globally. It is important that we continue this growth by reinforcing the leadership and ideas conceived by so many of Dana's people. Over the years, as our operations embrace the principles of the Dana style, we become more competitive in the global markets. We achieved solid growth and financial performance in 1994, and are positioned well for 1995 and future years...

/s/James E. Ayers

James E. Ayers
Chief Financial Officer

 RESPONSIBILITY FOR FINANCIAL STATEMENTS

We have prepared the accompanying consolidated financial statements and related information included herein for the three years ended December 31, 1994.

The management of Dana Corporation is primarily responsible for the accuracy of the financial information that is presented in this annual report. These statements were prepared in accordance with generally accepted accounting principles and, where appropriate, we used our estimates and judgement with consideration to materiality.

To meet management's responsibility for financial reporting, we have established internal control systems which we believe are adequate to provide reasonable assurance that our assets are protected from loss. These systems produce data used for the preparation of financial information.

We believe internal control systems should be designed to provide accurate information at a reasonable cost which is not out of line with the benefits to be received. These systems and controls are reviewed by our internal auditors in order to ensure compliance, and by our independent accountants to support their audit work.

The Audit Committee of the Board of Directors meets regularly with management, internal auditors and our independent accountants to review accounting, auditing and financial matters. Our Audit Committee is composed of only outside directors. This committee and the independent accountants have free access to each other with or without management being present.

We believe our people are our most important asset and that the proper selection, training and development of our people is a means of ensuring that management's objectives of maintaining effective internal accounting controls and fair, uniform reporting standards are met.

/s/James E. Ayers

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

/s/Melvin H. Rothlisberger

Melvin H. Rothlisberger
 Vice President and Corporate Controller

 REPORT OF INDEPENDENT ACCOUNTANTS

PRICE WATERHOUSE LLP [PRICE WATERHOUSE CORPORATION LOGO]

To the Board of Directors and Shareholders
 of Dana Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of shareholders' equity and of cash flows, including pages 19 through the comments on "Significant Subsidiary" on page 34, present fairly, in all material respects, the financial position of Dana Corporation and its subsidiaries at December 31, 1993 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in the notes to the consolidated financial statements on pages 24 and 29, the Company changed its method of accounting for inventories and postretirement benefits other than pensions effective January 1, 1992 and for postemployment benefits effective January 1, 1993.

/s/Price Waterhouse LLP

Toledo, Ohio
 February 12, 1995

A copy of the Annual Report as filed with the Securities and Exchange Commission on Form 10-K will be mailed at no charge upon request to the Secretary, Dana Corporation, P.O. Box 1000, Toledo, Ohio 43697.

BALANCE SHEET
IN MILLIONS EXCEPT PAR VALUE

DANA CORPORATION

	December 31	
	1993	1994
ASSETS		
Cash	\$ 49.5	\$ 48.2
Marketable securities, at cost which approximates market	28.1	64.0
Accounts receivable, less allowance for doubtful accounts of \$16.8 - 1993 and \$19.6 - 1994	790.5	960.4
Inventories		
Raw materials	141.8	186.4
Work in process and finished goods	508.1	553.8
Total inventories	649.9	740.2
Lease financing	849.3	931.0
Investments and other assets	846.3	793.2
Deferred income tax benefits	276.2	226.6
Property, plant and equipment, net	1,142.1	1,347.2
Total Assets	\$4,631.9	\$5,110.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt	\$ 474.1	\$ 583.1
Accounts payable	310.6	390.2
Other liabilities	643.7	749.1
Deferred employee benefits	1,052.5	1,109.9
Long-term debt	1,207.4	1,186.5
Total Liabilities	3,688.3	4,018.8
Minority interest in consolidated subsidiaries	142.2	152.2
Shareholders' equity		
Common stock, \$1 par value, shares authorized, 120.0 - 1993 and 240.0 - 1994; shares issued, 67.7 - 1993 and 98.8 - 1994	67.7	98.8
Additional paid-in capital	628.3	61.0
Retained earnings	809.2	887.7
Treasury stock, at cost: 18.5 shares - 1993	(611.3)	
Deferred translation adjustments	(92.5)	(84.9)
Deferred pension expense		(22.8)
Total Shareholders' Equity	801.4	939.8
Total Liabilities and Shareholders' Equity	\$4,631.9	\$5,110.8

STATEMENT OF INCOME
IN MILLIONS EXCEPT PER SHARE AMOUNTS

DANA CORPORATION

	1992	Year Ended December 31 1993	1994
NET SALES	\$4,872.2	\$5,460.1	\$6,613.8
Revenue from lease financing and other income	163.9	127.4	148.7
Foreign currency adjustments	(24.9)	(24.2)	(22.0)
	5,011.2	5,563.3	6,740.5
Costs and expenses			
Cost of sales	4,282.0	4,675.5	5,624.0
Selling, general and administrative expenses	534.8	522.6	611.5
Interest expense	168.1	137.3	113.4
	4,984.9	5,335.4	6,348.9
Income before income taxes	26.3	227.9	391.6
Estimated taxes on income	(2.1)	89.6	157.4
Income before minority interest and equity in earnings of affiliates	28.4	138.3	234.2
Minority interest in net income of consolidated subsidiaries	(16.5)	(26.2)	(30.2)
Equity in earnings of affiliates	31.2	16.4	24.2
Income before effects of changes in accounting principles	43.1	128.5	228.2
Effect on prior years of the change in accounting for:			
Inventories	12.9		
Postretirement benefits other than pensions	(438.0)		
Postemployment benefits		(48.9)	
NET INCOME (LOSS)	\$(382.0)	\$79.6	\$228.2
Net income per common share before effects of changes in accounting principles	\$.49	\$1.39	\$2.31
Effect on prior years of the change in accounting for:			
Inventories	.15		
Postretirement benefits other than pensions	(4.99)		
Postemployment benefits		(.53)	
NET INCOME (LOSS) PER COMMON SHARE	\$(4.35)	\$.86	\$2.31
Cash dividends declared and paid per common share	\$.80	\$.80	\$.83

STATEMENT OF CASH FLOWS
IN MILLIONS

DANA CORPORATION

	1992	Year Ended December 31 1993	1994
Net cash flows from operating activities	\$247.3	\$484.6	\$465.8
Cash flows from investing activities:			
Purchases of property, plant and equipment	(132.0)	(204.0)	(337.2)
Purchases of assets to be leased	(239.8)	(277.0)	(373.4)
Acquisitions, additions to investments and other assets	(51.0)	(72.1)	(22.6)
Loans made to customers and partnership affiliates	(18.2)	(22.8)	(39.3)
Purchases of investment securities	(181.0)		
Payments received on leases	189.4	164.1	195.5
Proceeds from sales of certain assets and subsidiaries	105.5	75.3	55.1
Proceeds from sales of leased assets	49.3	31.2	37.0
Payments received on loans	18.5	18.3	38.7
Other	(8.4)	20.5	23.3
Net cash flows - investing activities	(267.7)	(266.5)	(422.9)
Cash flows from financing activities:			
Net change in short-term debt	(38.0)	41.5	84.2
Issuance of long-term debt	346.8	578.3	355.4
Payments on long-term debt	(414.3)	(776.2)	(373.2)
Dividends paid	(69.8)	(73.8)	(82.0)
Issuance of common stock	189.1		
Other	8.8	14.3	7.3
Net cash flows - financing activities	22.6	(215.9)	(8.3)
Net increase in cash and cash equivalents	\$2.2	\$2.2	\$34.6
Reconciliation of net income (loss) to net cash flows from operating activities:			
Net income (loss)	\$(382.0)	\$79.6	\$228.2
Noncash items included in income:			
Effect on prior years of the changes in accounting	425.1	48.9	
Depreciation and amortization	191.6	195.7	210.6
Unremitted earnings of affiliates	3.9	(1.9)	(15.7)
Deferred income taxes	(.3)	31.1	59.4
Minority interest	4.6	13.4	12.4
Change in accounts receivable	(31.4)	(98.7)	(106.1)
Change in inventories	(2.3)	8.9	(82.8)
Change in other operating assets	12.0	(27.7)	(.6)
Change in operating liabilities	.3	211.9	132.2
Additions to lease and loan loss reserves and adjustment of real estate to net realizable value	42.5	23.3	25.5
Other	(16.7)	.1	2.7
Net cash flows from operating activities	\$ 247.3	\$484.6	\$465.8

STATEMENT OF SHAREHOLDERS' EQUITY
IN MILLIONS EXCEPT PAR VALUE

DANA CORPORATION

	\$1 PAR VALUE COMMON STOCK ISSUED	TREASURY	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	DEFERRED PENSION AND TRANSLATION ADJUSTMENTS	SHAREHOLDERS' EQUITY
Balance, December 31, 1991	\$59.6	\$(611.0)	\$ 329.8	\$1,255.2	\$ (45.0)	\$988.6
Net loss for the year				(382.0)		(382.0)
Cash dividends declared				(69.8)		(69.8)
Issuance of shares for employee stock plans	.3	1.0	7.7			9.0
Deferred translation adjustments					(26.9)	(26.9)
Issuance of common shares	4.5		184.6			189.1
Cost of shares reacquired		(1.0)				(1.0)
Balance, December 31, 1992	64.4	(611.0)	522.1	803.4	(71.9)	707.0
Net income for the year				79.6		79.6
Cash dividends declared				(73.8)		(73.8)
Issuance of shares for employee stock plans	.4	1.5	14.2			16.1
Deferred translation adjustments					(20.6)	(20.6)
Conversion of 5 7/8% debentures to common stock	2.9		92.0			94.9
Cost of shares reacquired		(1.8)				(1.8)
Balance, December 31, 1993	67.7	(611.3)	628.3	809.2	(92.5)	801.4
NET INCOME FOR THE YEAR				228.2		228.2
CASH DIVIDENDS DECLARED				(82.0)		(82.0)
TWO-FOR-ONE COMMON STOCK SPLIT	67.7			(67.7)		
ISSUANCE OF SHARES FOR DIRECTOR AND EMPLOYEE STOCK PLANS	.3	1.6	6.2			8.1
DEFERRED TRANSLATION ADJUSTMENTS					7.6	7.6
DEFERRED PENSION EXPENSE ADJUSTMENTS					(22.8)	(22.8)
COST OF SHARES REACQUIRED		(.7)				(.7)
RETIREMENT OF TREASURY SHARES	(36.9)	610.4	(573.5)			
BALANCE, DECEMBER 31, 1994	\$98.8	\$ - 0 -	\$ 61.0	\$ 887.7	\$(107.7)	\$939.8

RECLASSIFICATIONS

Where appropriate, certain amounts in 1992 and 1993 have been reclassified to conform with the 1994 presentation.

COMMON SHARES

In June 1992, Dana sold 9,087,600 (4,543,800 pre-split) shares of common stock through a public offering. Proceeds to the Company were approximately \$189.1 which were used primarily to retire debt.

In connection with employee stock plans, Dana reacquired 52,496 shares in 1992, 68,246 shares in 1993 and 23,570 in 1994.

In April 1994, Dana's Board of Directors approved a two-for-one stock split effective for shareholders of record on June 1, 1994. Share and per share amounts have been restated to reflect the stock split.

During 1994, Dana retired all of the common shares held in treasury. The cost of reacquired shares in excess of par value has been charged to additional paid-in capital.

PREFERRED SHARES

Dana has authorized 5,000,000 shares of preferred stock, without par value, including 1,000,000 shares which have been reserved for issuance under the Rights Agreement discussed below. At December 31, 1994, no shares of preferred stock had been issued.

PREFERRED SHARE PURCHASE RIGHTS

The Rights Agreement adopted by Dana's Board in 1986 and amended in 1988 provides that one preferred Share Purchase Right be issued for each share of Dana common stock outstanding on and after July 25, 1986. In certain circumstances, the holder of each Right may buy, at an exercise price of \$50, one 1/200th of a share of Junior Participating Preferred Stock. The Rights are exercisable only if a person or entity acquires, or announces a tender offer which would result in acquiring, beneficial ownership of 20% of Dana's common stock. Dana may redeem the Rights at \$.025 each before a 20% position has been acquired. The Rights expire on July 25, 1996, unless redeemed sooner.

If 30% of Dana's common stock is acquired, or certain transactions occur which increase a 20% holder's ownership by more than 1%, or a 20% holder engages in certain self-dealing activities, the holder of each Right may purchase a number of Dana common shares having a market value equal to twice the Right's current exercise price.

If Dana is acquired in a merger or similar transaction or 50% of its assets or earning power are transferred, the holder of each Right may purchase a number of the acquiring company's common shares having a market value equal to twice the Right's current exercise price.

If 30% (but less than 50%) of Dana's common stock is acquired, the Board may exchange each Right for one share of Dana's common stock.

In the above situations, the Rights owned by any 20% or more holder become void and cannot be exercised.

Before a 20% position has been acquired, Dana's Board may reduce the above percentage thresholds to not less than 15%.

NET INCOME PER COMMON SHARE

Primary earnings per common share is computed on the basis of the weighted average number of common shares outstanding of 87,792,126 in 1992, 92,532,938 in 1993 and 98,688,775 in 1994. Shares reserved for issuance under the Company's stock option and deferred compensation plans did not have a material dilutive effect on earnings per share. If the 1993 conversion of the 5 7/8% debentures had occurred at the beginning of the year, it would not have had a material effect on earnings per share.

PRINCIPLES OF CONSOLIDATION

Dana's consolidated financial statements include all significant United States (U.S.) and international subsidiaries, including its wholly-owned financial subsidiary, Diamond Financial Holdings, Inc. (DFHI). Affiliated companies (20% to 50% Dana ownership) are generally recorded in the consolidated statements using the equity method of accounting. Operations of subsidiaries and affiliates outside North America are generally included for periods ended within two months of Dana's year end to ensure preparation of consolidated financial statements on a timely basis. Less than 20% owned companies are included in the consolidated financial statements at the cost of Dana's investment. Dividends, royalties and fees from these cost basis affiliates are recorded in Dana's consolidated financial statements when received.

GOODWILL

Cost in excess of net assets of companies acquired is generally amortized over the estimated period of expected benefit, ranging from 10 to 40 years.

SALE OF SUBSIDIARY

In October 1992, Dana sold the business and a majority of the assets, liabilities, offices and mortgage banking business of Diamond Savings and Loan Company (DSL), a wholly-owned subsidiary of DFHI. This sale resulted in an after-tax gain of \$3.5 (\$.04 per share). As a result of the transaction, certain assets of DSL (primarily loans receivable and real estate) were retained by DFHI and are included in investments and other assets.

ACQUISITIONS

In 1993, Dana acquired Reinz-Dichtungs GmbH, Hugo Reinz GmbH, Europecas and ACCAM which are manufacturers and distributors of automotive parts. Dana also increased its ownership from 50% to 100% of TI/Interlock, Ltd. and Wichita Company, Ltd. which are manufacturers and distributors of industrial products.

During 1994, Dana acquired Sige Brevetti Ing., Columbo S.p.A., Stieber Antriebsselemente GmbH and Tece Almere B.V. Sige is a manufacturer of axles for agricultural and construction equipment, Stieber manufactures clutches for industrial applications and Tece is a distributor of automotive parts.

These acquisitions were accounted for as purchases and the results of their operations have been included in the consolidated financial statements since the dates of acquisition. The purchase price and the results of operations of these companies prior to acquisition were not material to the consolidated financial statements.

MEDICAL CARE AND OTHER BENEFITS

Dana and certain of its subsidiaries provide medical and life insurance benefits for certain active and retired employees. These benefits are provided through various insurance carriers whose charges to Dana are based on the benefits paid during the year. Substantially all of the retiree medical cost relates to North American retirees since most international retirees are covered by government-sponsored programs.

Dana adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions," effective January 1, 1992. The Company recognized the transition obligation immediately as the effect of an accounting change, which resulted in a one-time charge to income in 1992 of \$438.0 after-tax (\$4.99 per share). In addition, 1992 net income was reduced by \$24.0 (\$0.27 per share) as a result of the incremental after-tax increase in ongoing retiree benefit costs under Dana's benefit plans in effect during 1992.

Annual net postretirement benefits liability and expense under the Company's benefit plans are determined on an actuarial basis. Dana's current policy is to pay these benefits as they become due. Benefits are determined primarily based upon employees' length of service and include applicable employee cost sharing.

Net annual postretirement benefit cost is computed as follows:

	Year Ended December 31		
	1992	1993	1994
Service cost	\$16.2	\$11.2	\$13.6
Interest cost	65.3	59.1	60.2
Net amortization and deferral	(3.9)	(14.0)	(12.3)
Net annual postretirement benefit cost	\$77.6	\$56.3	\$61.5

Postretirement benefit obligations, none of which are funded, are summarized as follows:

	December 31	
	1993	1994
Accumulated postretirement benefit obligations:		
Retirees and dependents	\$521.5	\$490.9
Active participants eligible to retire and receive benefits	116.9	89.4
Active participants not yet fully eligible	186.8	125.2
Total accumulated postretirement benefit obligation	825.2	705.5
Unamortized plan amendments	108.2	135.2
Unamortized net gain (loss)	(96.9)	4.8
Accrued postretirement benefits other than pensions	\$836.5	\$845.5

The discount rate used in determining the accumulated postretirement benefit obligation was 7.5% in 1993 and 8.25% in 1994. The assumed medical costs trend rates result in per capita net incurred medical claims increasing 10.9% under age 65 and 9.4% over age 65. These rates decrease to 6.0% and 5.6% for under age 65 and over age 65, respectively, by the year 2051. If the assumed medical costs trend rates were increased by 1%, the accumulated postretirement benefit obligation as of December 31, 1994, would increase by \$43.7 and the aggregate of the service and interest cost components of the net annual postretirement benefit cost would be increased by \$6.3.

Benefit plan changes enacted during 1993, including cost sharing and benefit limitations, reduced Dana's postretirement benefit expense for 1993 and 1994.

Dana adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1993. The effect of adopting SFAS No. 112 in 1993 resulted in a \$48.9 after-tax charge to income (\$.53 per share).

Annual net postemployment benefits liability and expense under the Company's benefit plans are accrued as service is rendered for those obligations that accumulate or vest and can be reasonably estimated. Obligations that do not accumulate or vest are recorded when payment of the benefits is probable and the amounts can be reasonably estimated.

ADDITIONAL COMPENSATION PLANS

Dana has numerous additional compensation plans, including gain sharing and group incentive plans, which provide for payments computed under formulas which recognize increased productivity and

improved performance. The total amount earned by Dana employees from all such plans amounted to \$74.7, \$81.1 and \$106.7 in 1992, 1993 and 1994, respectively.

Under one of these plans, in which certain officers and other key employees participate, a percentage of participants' compensation is accrued for additional compensation if certain profit levels are attained. Awards under the plan are paid in cash and may, at the discretion of the Board's Compensation Committee, be paid immediately or deferred. Some awards deferred prior to May 1991 may be paid in shares of the Company's common stock. Dana awarded (based on prior period performance) \$0 in 1992, \$4.2 in 1993 and \$4.8 in 1994; 31,646, 20,404 and 16,891 shares of Dana's common stock held in treasury were issued and amounts equivalent to dividends and interest of \$.3, \$.4 and \$.4 were credited to deferred awards in 1992, 1993 and 1994, respectively. Total charges to expense relating to the plan amounted to \$5.1 in 1992, \$5.6 in 1993 and \$12.1 in 1994.

The Company has a Restricted Stock Plan whereby certain key employees are granted restricted shares of common stock subject to forfeiture until the restrictions lapse or terminate. With certain exceptions, the employee must remain with the Company for a period of years after the date of grant to receive the full number of shares granted. Shares granted in 1992, 1993 and 1994 were 32,000, 58,348, and 28,000, respectively. During 1992, 20,000 shares were forfeited based upon the provisions of this plan. Total charges to expense for this plan amounted to \$.7, \$.6 and \$.7, in 1992, 1993 and 1994, respectively. At December 31, 1994, 689,154 shares were authorized for future issuance under this plan.

STOCK PURCHASE PLAN

All full-time U.S. and certain non-U.S. employees are eligible to participate in Dana's employee stock purchase plan. The plan provides that participants may authorize Dana to withhold up to 15% of earnings and deposit such amounts with an independent custodian. The custodian causes to be purchased, as nominee for the participants, common stock of Dana at prevailing market prices and distributes the shares purchased to the participants upon request. Under the plan, Dana contributes on behalf of each participant up to 50% of the participant's contributions. The Company's contributions will accumulate over a 5-year period, provided that the shares are left in the plan. If any shares are withdrawn by a participant before the end of five years, the amount of the Company match toward those shares will depend on the period of time that the shares have been in the plan. The custodian has caused to be purchased 816,440 shares in 1992, 687,800 shares in 1993 and 782,225 shares in 1994 of Dana's common stock on behalf of the employees and the Company's charge to expense amounted to \$3.3 in 1992, \$4.1 in 1993 and \$4.7 in 1994.

PENSION PLANS

Dana provides retirement benefits for substantially all of its employees under several defined benefit and defined contribution pension plans.

Annual net periodic pension costs under the Company's defined benefit pension plans are determined on an actuarial basis. Dana's policy is to fund these costs as accrued, including amortization of the initial unrecognized net obligation over 15 years and obligations arising due to plan amendments over the period benefited, through deposits with trustees and purchase of group annuity contracts. Benefits are determined based upon employees' length of service, wages and a combination of length of service and wages.

Pension expense approximated \$56.0 in 1992, \$60.3 in 1993 and \$65.0 in 1994.

Net periodic pension cost for defined benefit plans is computed as follows:

	Year Ended December 31		
	1992	1993	1994
Service cost	\$ 30.6	\$ 31.3	\$ 35.6
Interest cost	100.4	105.1	110.0
Actual return on plan assets	(70.6)	(219.9)	45.3
Amortization of unrecognized prior service cost	13.1	16.0	14.7
Amortization of initial unrecognized net obligation	6.0	6.2	5.7
Unrecognized gain (loss)	(28.3)	117.7	(147.4)
Net periodic pension cost	\$ 51.2	\$ 56.4	\$ 63.9

The funded status of defined benefit plans at December 31, 1993 was as follows:

	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Total
Actuarial present value of:			
Vested benefits	\$ 743.6	\$ 570.4	\$ 1,314.0
Non-vested benefits	73.7	10.5	84.2
Accumulated benefit obligation	\$ 817.3	\$ 580.9	\$ 1,398.2
Actuarial present value of projected benefit obligation	\$(821.9)	\$(624.6)	\$(1,446.5)
Plan assets at fair value	753.8	742.3	1,496.1
Funded status	\$ (68.1)	\$ 117.7	\$ 49.6
Unrecognized prior service cost	\$ (23.3)	\$ (33.3)	\$ (56.6)
Unrecognized net gain	15.8	125.2	141.0
Prepaid (accrued) pension cost	8.3	(3.9)	4.4
Unrecognized initial obligation	(68.9)	29.7	(39.2)
	\$ (68.1)	\$ 117.7	\$ 49.6

The funded status of defined benefit plans at December 31, 1994 was as follows:

	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Total
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Actuarial present value of:			
Vested benefits	\$ 789.6	\$ 581.4	\$1,371.0
Non-vested benefits	81.5	9.6	91.1

Accumulated benefit obligation	\$ 871.1	\$ 591.0	\$1,462.1
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Actuarial present value of projected benefit obligation	\$(883.1)	\$(629.2)	\$(1,512.3)
Plan assets at fair value	712.6	693.1	1,405.7

Funded status	\$(170.5)	\$ 63.9	\$ (106.6)
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Unrecognized prior service cost	\$ (14.7)	\$ (34.1)	\$ (48.8)
Unrecognized net gain (loss)	(52.0)	81.6	29.6
Accrued pension cost	(44.0)	(10.8)	(54.8)
Unrecognized initial obligation	(59.8)	27.2	(32.6)

	\$(170.5)	\$ 63.9	\$ (106.6)
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	1993		1994	
	U.S.	International	U.S.	INTERNATIONAL

Expected long-term rate of return on plan assets	7.75%	8%-9%	8.5%	8%-9%
Discount rate	7.25%	7%-9%	8%	7%-9%
Rate of increase in future compensation levels	5%	4%-7.5%	5%	3%-7.5%

Plan assets are invested in a diversified portfolio that consists primarily of equity and debt securities.

DEFERRED EMPLOYEE BENEFITS

Deferred employee benefits consisted of the following components:

	December 31	
	1993	1994

Postretirement other than pension	\$ 836.5	\$ 845.5
Postemployment	85.8	81.9
Pension	121.5	168.5
Compensation	8.7	14.0

	\$1,052.5	\$1,109.9
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STOCK OPTION PLANS

The Company's employee stock option plans provide for the granting of options at prices no less than 85% of the market value at the date of grant and the options are exercisable for a period not to exceed ten years from date of grant. The plans provide for the granting of stock appreciation rights separately or in conjunction with all or any part of an option, either at the time of grant or at any subsequent time during the term of the option. While the plan provides for grants of options and stock appreciation rights at 85% of market, to date all grants have been at market value at date of grant.

The following summarizes the stock option transactions for the years ended December 31, 1993 and 1994:

	Number of shares	Per share option price
Outstanding at December 31, 1992	1,768,239	\$22.13-46.88
Granted - 1993	362,750	55.13
Exercised - 1993	(405,368)	22.13-46.88
Cancelled - 1993	(28,362)	22.13-46.88
Outstanding at December 31, 1993	1,697,259	\$22.13-55.13
RESTATEd FOR STOCK SPLIT	3,394,518	\$11.06-27.56
GRANTED - 1994	1,045,950	29.06
EXERCISED - 1994	(309,915)	11.06-23.44
CANCELLED - 1994	(19,150)	11.06-23.44
OUTSTANDING AT DECEMBER 31, 1994	4,111,403	\$11.06-29.06
EXERCISABLE AT DECEMBER 31, 1994	1,894,649	

At December 31, 1994, there were 5,551,606 shares available for future grants.

During 1993, the shareholders approved a stock option plan for non-employee Directors of the Company. The plan provides for the automatic granting of options at prices equal to the market value at the date of grant and the options are exercisable after one year for a period not to exceed ten years from date of grant. In 1993, options were granted under this plan to purchase 10,500 shares at \$48.50 per share (21,000 shares at \$24.25 on a post stock split basis). During 1994, options were granted to purchase 21,000 shares at \$28.88 per share and options to purchase 3,000 shares were exercised at \$24.25 per share. At December 31, 1994, there were 39,000 options outstanding at exercise prices of \$24.25 and \$28.88 per share, options for 18,000 shares were exercisable and there were 88,000 options available for future grant under this plan.

INTERNATIONAL OPERATIONS

Dana's consolidated international subsidiaries are located throughout the world with no individual subsidiary or country accounting for more than 10% of consolidated sales or assets.

Dana has equity interests (20% to 50% ownership) in a number of affiliated companies in South America, Asia and other areas of the world.

The financial statements of the Company's subsidiaries and equity affiliates outside the U.S., located in non-highly inflationary economies, are measured using the local currency as the functional currency. Income and expense items are translated at average monthly rates of exchange. Gains and losses from currency transactions of these affiliates are included in net earnings. Assets and liabilities of these affiliates are translated at the rates of exchange at the balance sheet date. The resultant translation adjustments are included as deferred translation adjustments as a component of shareholders' equity. For affiliates operating in highly inflationary economies, such as Brazil, non-monetary assets are translated at historical exchange rates and monetary assets are translated at current exchange rates. Translation adjustments are included in the determination of income.

The following is a summary of the significant financial information of Dana's consolidated international subsidiaries:

	1992	December 31 1993	1994
Assets	\$ 987.9	\$1,167.9	\$1,518.5
Liabilities	424.5	577.4	814.2
Net sales	1,301.2	1,327.8	1,645.5
Net income	29.0	49.3	68.1
Dana's equity in -			
Net assets	434.8	448.7	552.5
Net income	13.4	23.1	38.1

Dana's historical cost investment in these international subsidiaries was \$262.8 at December 31, 1994.

Cumulative undistributed earnings of international subsidiaries for which U.S. income taxes, exclusive of foreign tax credits, have not been provided approximated \$356.8 at December 31, 1994. Management intends to permanently reinvest undistributed earnings of Dana's international subsidiaries; accordingly, no U.S. income taxes have been provided on these undistributed earnings. If the total undistributed earnings of international subsidiaries had been remitted in 1994, a significant amount of the additional tax provision would be offset by foreign tax credits.

The following is a summary of the significant financial information of affiliated companies accounted for on the equity method:

	1992	December 31 1993	1994
Current assets	\$ 452.8	\$ 629.0	\$ 409.6
Other assets	298.0	323.4	356.4
Current liabilities	338.9	577.7	424.7
Other liabilities	165.9	147.5	136.1
Shareholders' equity	246.0	227.2	205.2
Net sales	1,042.5	972.0	846.8
Gross profit	219.7	193.0	162.3
Net income	81.8	39.6	40.3
Dana's equity in -			
Net assets	101.4	92.3	100.5
Net income	26.6	13.2	19.2

Spicer S.A. de C.V., Dana's 49% owned Mexican affiliate, is included in the consolidated financial statements with a fiscal year end of October 31 and the peso as the functional currency. Consequently, the devaluation of the Mexican peso in December 1994, did not affect Dana's earnings for 1994. Spicer S.A. has approximately \$130 in U.S. dollar denominated debt and it is estimated that the translation of this debt into pesos will result in Dana recording a charge to first quarter 1993 earnings of approximately \$17, or \$.17 per share for its proportionate share of the translation loss.

INVESTMENTS IN PARTNERSHIPS

Certain of DFHI's subsidiaries have a number of U.S. investments in partnerships which are accounted for on the equity method. Dana's share of earnings of these partnerships is included in income as earned. The partnerships are engaged primarily in the leasing and financing of equipment or real estate to commercial entities. Summarized financial information of the partnerships on a combined basis is as follows:

	1992	December 31 1993	1994
Assets	\$ 967.6	\$ 956.8	\$ 918.9
Liabilities	729.2	733.1	723.1
Partners' capital	238.4	223.7	195.8
Revenue	67.7	115.4	130.1
Net income	6.2	6.8	9.7
Dana's share in -			
Net assets	96.1	80.0	58.0
Net income	3.8	3.2	5.3

SHORT-TERM DEBT

Short-term funds for certain U.S. and international operations are obtained through issuance of commercial paper, short-term notes payable to banks and bank overdrafts.

At December 31, 1994, Dana had \$25.0 of commercial paper outstanding. Dana Credit Corporation (DCC), a wholly-owned subsidiary of DFHI, had commercial paper issued in the amount of \$73.5 at December 31, 1994. Dana and DCC have committed commercial paper back-up lines of credit in the amount of \$360.0 and \$250.0, respectively, with various U.S. and international banks. Compensating balances and facility fees are not material and no borrowings were made against these committed commercial paper back-up lines of credit in 1994.

Committed bank borrowing lines are utilized in addition to the committed lines of credit that back outstanding commercial paper. DCC and DFHI had borrowings of \$11.0 and \$85.0, respectively, against their committed bank borrowing lines at December 31, 1994. DCC and DFHI had committed bank borrowing lines of \$18.8 and \$85.0, respectively, at December 31, 1994.

At December 31, 1994, Dana, DCC and DFHI had borrowings against their uncommitted bank lines in the amounts of \$70.0, \$89.0 and \$60.0, respectively, for U.S. operations. Dana, including its international subsidiaries, and DCC had borrowings of \$165.8 and \$3.7, respectively, for international operations against uncommitted bank lines at December 31, 1994. Dana and DCC had uncommitted bank lines for both U.S. and international borrowings in the amount of \$770.0, and \$378.5, respectively, for which no compensating balances or fees are required.

Selected details of short-term borrowings are as follows:

	Amount	Weighted average interest rate
Balance at December 31, 1993	\$ 474.1	5.1%
Average during 1993	340.0	4.6%
Maximum during 1993 (month end)	474.1	5.1%
BALANCE AT DECEMBER 31, 1994	\$ 583.1	6.4%
AVERAGE DURING 1994	585.6	5.2%
MAXIMUM DURING 1994 (MONTH END)	651.3	5.4%

LONG-TERM DEBT

	December 31	
	1993	1994
Corporate indebtedness -		
Unsecured notes payable, fixed rates, 4.90%-9.00%, due 1995 to 1998	\$ 609.3	\$ 517.0
5 7/8% convertible debentures, due June 15, 2000 (face amount \$3.3)	1.9	
Various industrial revenue bonds	9.0	4.2
Other	3.3	3.1
Diamond Financial Holdings, Inc. indebtedness -		
Various notes payable, unsecured, variable rates, 5.94%-7.22%, due 1995 to 1998	316.7	425.5
Various notes payable, unsecured, fixed rates, 5.53%-9.99%, due 1995 to 1998	152.2	183.0
Securitized borrowings, 3.26%, due 1994	36.0	
Various notes payable, secured by first mortgages on real estate	16.6	4.9
Various notes payable, non recourse to issuer, 7.20%-12.05%, due 1994 to 2007	27.2	31.6
Indebtedness of other consolidated subsidiaries	35.2	17.2
	\$1,207.4	\$1,186.5

At December 15, 1993, the final day the 5 7/8% debentures could be converted, holders of \$146.7 principal amount of debentures had converted their debentures into 5,818,624 shares of Dana common stock. The balance of the debentures were redeemed at par on March 1, 1994.

During 1993, DCC obtained financing as part of a lease securitization facility. Under the facility, an interest in certain lease receivables was transferred to a third-party investor as support for the financing received. Financing provided under the facility amortized over the life of the assets transferred, had variable pricing based on the commercial paper composite and required payment by DCC of monthly administration fees. The securitized borrowing fully amortized in 1994.

Interest paid on short-term and long-term debt was \$178.6, \$134.0 and \$114.7 during 1992, 1993 and 1994, respectively.

The aggregate amounts of maturities of all long-term debt for each of the five years succeeding December 31, 1994, are as follows: 1995, \$316.8; 1996, \$332.2; 1997, \$340.4; 1998, \$171.9 and 1999, \$5.5.

DERIVATIVE FINANCIAL INSTRUMENTS

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The Company enters into various types of interest rate and foreign currency agreements but does not trade in derivative financial instruments. Gains and losses relating to qualifying hedges of firm commitments or anticipated transactions are deferred and recognized as adjustments of carrying amounts when the hedged transaction occurs. Interest rate swaps and caps are primarily used to manage exposure to fluctuation in interest rates. Differentials paid or received on interest rate agreements are accrued and recognized as adjustments to interest expense. Premiums paid on interest rate caps are amortized to interest expense over the term of the agreement and unamortized premiums are included in other assets.

Under interest rate swap agreements Dana agrees with other parties to exchange, at specific intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional amount. At December 31, 1994, Dana was committed to pay an average fixed rate of 6.8% and receive a variable rate of 6.4% on notional amounts of \$95.4. The notional amounts of interest rate swaps expire as follows: 1995, \$8.6; 1996, \$26.8 and 1998, \$60.0.

DCC was committed to pay an average fixed rate of 6.7% and receive a variable rate of 5.9% on notional amounts of \$283.8 and receive an average fixed rate of 5.2% and pay an average variable rate of 5.9% on notional amounts of \$40.0. DCC's notional amounts of interest rate swaps expire as follows: 1995, \$87.5; 1996, \$110.7; 1997, \$40.7; 1998, \$15.0 and 2000, \$70.0.

DCC also utilizes interest rate cap agreements to reduce the impact of changes in interest rates. At December 31, 1994, a cap agreement on \$120.0 of LIBOR (London Interbank Offered Rate) - based variable long-term debt entitles DCC to receive the amounts, if any, by which actual three month LIBOR rates exceed 7.0% on specified quarterly dates through 1995.

To reduce its interest rate obligations under an existing swap agreement having a fixed rate of 8.35% and a notional amount of \$70.0 while concurrently reducing its interest rate risk associated with financing certain longer-term assets, DCC granted the counterparty an option, expiring in 2000, to extend the original maturity to 2007 at a fixed rate to DCC of 9.0%.

Certain subsidiaries have transactions in currencies other than their functional currencies and from time to time enter into forward and option contracts to hedge the purchase of inventory or to sell non-functional currency receipts. Currency forward and option contracts in the aggregate are not material.

LOANS RECEIVABLE

Loans receivable consist primarily of loans secured by first mortgages on real property.

The components of loans receivable are as follows:

	December 31	
	1993	1994
First mortgage loans - business properties	\$ 57.4	\$ 43.3
Financing to partnership affiliates	28.4	34.8
First mortgage loans - residential properties	13.1	9.9
Revolving loans secured by accounts receivable and inventory	6.5	
Other loans	29.7	32.7
	135.1	120.7
Less: Allowance for loan losses	14.5	5.6
	\$120.6	\$115.1

ALLOWANCE FOR LOSSES ON LOANS RECEIVABLE

Provisions for losses on loans receivable are determined on the basis of loss experience and assessment of prospective risk. Resulting adjustments to the allowance for losses are made to adjust loans receivable to an estimated collectible amount. Income recognition is generally discontinued on accounts which are contractually past due and where no payment activity has occurred within 120 days. Accounts are charged against the allowance for losses when determined to be uncollectible.

SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," is effective for fiscal years beginning after December 15, 1994. This standard requires creditors to evaluate the collectability of both the contractual interest and contractual principal of receivables when evaluating the need for a loss accrual. The Company will adopt this standard effective January 1, 1995, as required, and does not anticipate that adoption will have a material effect on the consolidated financial statements.

LEASE FINANCING

Lease financing consists of direct financing leases, leveraged leases and equipment on operating leases. Income on direct financing leases is recognized by a method which produces a constant periodic rate of return on the outstanding investment in the lease. Income on leveraged leases is recognized by a method which produces a constant rate of return on the outstanding investment in the lease net of the related deferred tax liability in the years in which the net investment is positive. Initial direct costs are deferred and amortized using the interest method over the lease period. Equipment under operating leases is recorded at cost, net of accumulated depreciation. Income from operating leases is recognized ratably over the term of the leases.

Lease financing consisted of the following components:

	December 31	
	1993	1994
Direct financing leases	\$574.0	\$544.5
Leveraged leases	283.7	393.9
Property on operating leases, net of accumulated depreciation	29.9	33.4
Allowance for credit losses	(38.3)	(40.8)
	\$849.3	\$931.0

The components of the net investment in direct financing leases are as follows:

	December 31	
	1993	1994
Total minimum lease payments	\$622.7	\$600.7
Residual values	83.2	70.3
Deferred initial direct costs	9.3	10.3
	715.2	681.3
Less: Unearned income	141.2	136.8
	\$574.0	\$544.5

The following is a schedule by year of total minimum lease payments receivable on direct financing leases as of December 31, 1994:

Year Ending December 31:	
1995	\$248.8
1996	155.8
1997	82.5
1998	44.1
1999	24.7
Later years	44.8

Total minimum lease payments receivable \$600.7
=====

The components of the net investment in leveraged leases are as follows:
=====

	December 31	
	1993	1994

Rentals receivable	\$2,884.3	\$4,115.0
Residual values	252.2	301.4
Non recourse debt service	(2,401.4)	(3,378.9)
Unearned income	(439.4)	(629.9)
Deferred investment tax credit	(12.0)	(13.7)

	283.7	393.9
Less: Deferred taxes arising from leveraged leases	119.0	157.6

	\$ 164.7	\$ 236.3
=====		

ALLOWANCE FOR LOSSES ON LEASE FINANCING
=====

Provisions for losses on lease financing receivables are determined on the basis of loss experience and assessment of prospective risk. Resulting adjustments to the allowance for losses are made to adjust net investment in lease financing to an estimated collectible amount. Income recognition is generally discontinued on accounts which are contractually past due and where no payment activity has occurred within 120 days. Accounts are charged against the allowance for losses when determined to be uncollectible. Accounts for which equipment repossession has commenced as the primary means of recovery are classified within other assets at their estimated realizable value.

INVESTMENTS AND OTHER ASSETS

Investments and other assets consisted of the following components:

	December 31	
	1993	1994
Investments at equity	\$194.4	\$169.0
Goodwill	168.0	187.3
Real estate held for sale	92.2	49.2
Intangible pension asset	80.1	83.9
Loans receivable	120.6	115.1
Other	191.0	188.7
	\$846.3	\$793.2

INVENTORIES

Inventories are valued at the lower of cost or market. Cost is determined generally on the last-in, first-out basis for U.S. inventories and on the first-in, first-out or average cost basis for international inventories.

If all inventories were valued at replacement cost, inventories would be increased by \$96.6 and \$106.5 at December 31, 1993 and 1994, respectively.

Dana changed its method of accounting for inventory effective January 1, 1992, to include in inventory certain production-related costs previously charged directly to expense. This change in accounting principle results in a better matching of costs against related revenues. The effect of this change in accounting increased inventories by \$23.0 and net income by \$12.9 (\$.15 per share) in 1992.

PROPERTIES AND DEPRECIATION

Property, plant and equipment is valued at historical costs. Depreciation is computed over the estimated useful lives of property, plant and equipment using primarily the straight-line method for financial reporting purposes and primarily accelerated depreciation methods for federal income tax purposes.

Property, plant and equipment consisted of the following:

	December 31	
	1993	1994
Land and improvements to land	\$ 51.6	\$ 50.4
Buildings and building fixtures	450.2	510.7
Machinery and equipment	2,027.5	2,235.9
	2,529.3	2,797.0
Less: Accumulated depreciation	1,387.2	1,449.8
	\$1,142.1	\$1,347.2

STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, the Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Noncash investing and financing activities in 1992 include the return of \$181.0 face amount U.S. Treasury Notes to satisfy a securities lending obligation entered into in 1991. During 1993, holders of 5 7/8% debentures converted their debentures into shares of Dana common stock resulting in a noncash increase to shareholders' equity of \$94.9.

ENVIRONMENTAL COMPLIANCE
AND REMEDIATION

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Estimated costs are based upon enacted laws and regulations, existing technology and the most probable method of remediation. The costs determined are not discounted and exclude the effects of inflation and other societal and economic factors. Where the cost estimates result in a range of equally probable amounts, the lower end of the range is accrued.

COMMITMENTS AND CONTINGENCIES

At December 31, 1994, the Company had purchase commitments for building and equipment aggregating approximately \$114.6. Future minimum rental commitments under operating leases aggregate \$285.4 with rental payments during the five succeeding years of \$46.0, \$41.0, \$35.4, \$29.0 and \$21.9, respectively. Net rental expense amounted to

\$53.0, \$56.3 and \$65.8 for 1992, 1993 and 1994, respectively.

Through option arrangements, DCC has agreed to purchase certain leased equipment at specified prices representing a portion of the expected residual value. The holder's exercise of the option to sell the equipment to DCC is considered by management to be unlikely as the aggregate option prices at December 31, 1994 of \$80.2 are significantly below the estimated residual value of the equipment on the exercise dates of \$284.1. No additional commitments to purchase leased equipment at specific prices have been undertaken since 1991 and the remaining options expire in 1995 and 1996.

The Company and its consolidated subsidiaries are parties to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on product liability claims and alleged violations of various environmental laws.

The Company is also defending a law suit brought by the U.S. Department of Justice against Dana, Warner Electric Brake and Clutch Company, Inc. (Warner) and Beaver Precision Products, Inc. (Beaver) in U.S. District Court, Eastern District of Michigan alleging overcharging on government contracts or subcontracts awarded to Beaver during the 1980's. Beaver was a subsidiary of Warner when Dana acquired Warner in January 1985 and the two companies were later merged into Dana. Dana sold the Beaver operations in 1991 but retained financial responsibility for the majority of the damages alleged in the complaint. Dana is defending this suit vigorously and the litigation issues and alleged damages continue to be actively discussed and evaluated by Dana and the government.

Management and its legal counsel periodically review the probable outcome of pending 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 accruals for uninsured liabilities. While the outcome of pending proceedings cannot be predicted with certainty, management believes, based on these reviews and the information currently available, that any liabilities that may result from these proceedings are not reasonably likely to have a material effect on the Company's liquidity, financial condition or results of operations.

ESTIMATED INCOME TAXES

Effective January 1, 1992, Dana prospectively adopted SFAS No. 109, "Accounting for Income Taxes," which did not have a material effect on 1992 results of operations.

Current tax liabilities and assets are recognized for the estimated taxes payable or refundable on the tax returns for the current year. Deferred tax liabilities or assets are recognized for the estimated future tax effects attributable to temporary differences and carryforwards that result from events that have been recognized in the financial statements or tax returns. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax laws. Deferred tax assets are reduced, if necessary, by the amount of any tax benefits that are not expected to be realized. Dana uses the "flow-through" method of accounting for investment tax credits, except for investment tax credits arising from leveraged leases and certain direct financing leases for which the deferred method is used for financial statement purposes.

Income tax expense (benefit) consisted of the following components:

	Year Ended December 31		
	1992	1993	1994
Current			
U.S. Federal	\$ 47.2	\$ 57.2	\$ 69.0
U.S. State and Local	11.2	26.5	39.2
International	9.1	14.2	31.5
	67.5	97.9	139.7
Deferred			
U.S. Federal	(69.7)	(6.6)	26.3
International	.1	(1.7)	(8.6)
	(69.6)	(8.3)	17.7
Total expense (benefit)	\$ (2.1)	\$ 89.6	\$157.4

Deferred income taxes result from temporary differences which arise as a result of differences between the amounts of reported assets and liabilities in the financial statements and such amounts as measured by tax laws and regulations. Deferred tax benefits (liabilities) are comprised of the following:

	Year Ended December 31		
	1992	1993	1994
Postretirement benefits other than pensions	\$352.7	\$367.2	\$360.6
Postemployment benefits		36.9	35.2
Expense accruals	97.9	126.8	120.0
Inventory reserves	6.8	1.1	4.3
Pension accruals			19.5
Other	16.6	22.8	6.8
Deferred tax benefits	474.0	554.8	546.4
Depreciation - non-leasing	(108.9)	(100.1)	(105.2)
Leasing activities	(177.0)	(179.5)	(211.5)
Pension prepayments	(14.7)	(.9)	
Other	(29.8)	(16.7)	(3.1)
Deferred tax liabilities	(330.4)	(297.2)	(319.8)
Alternative minimum tax recoverable	57.0	18.6	
Net deferred tax benefits	\$200.6	\$276.2	\$226.6

The Company has a history of earnings and has traditionally been a taxpayer in the U.S. Consequently, the Company expects to realize the deferred tax assets in the future and, accordingly, no valuation allowance has been recorded. As of December 31, 1994, all available alternative minimum tax recoverable has been utilized to offset the regular income tax liability. Income taxes paid during 1992, 1993 and 1994 amounted to \$50.5, \$46.2 and \$104.3, respectively.

The effective tax rates differ from the U.S. Federal income tax rate for the following reasons:

	Year Ended December 31					
	1992		1993		1994	
	Amount	% of pretax loss	Amount	% of pretax income	AMOUNT	% OF PRETAX INCOME

Computed "expected" tax expense	\$ 8.9	34.0%	\$79.8	35.0%	\$137.0	35.0%

Increase (reductions) in taxes resulting from:						

International income	2.6	9.8	(2.8)	(1.2)	(4.2)	(1.1)

Capital loss carryforward	(10.7)	(40.6)				

Investment tax credits	(2.6)	(9.9)	(1.6)	(.7)	(1.3)	(.3)

Amortization of goodwill	2.7	10.2	2.9	1.2	2.9	.7

Effect of rate change on deferred taxes			(5.2)	(2.3)		

Disposition of assets held for sale	(8.7)	(32.9)				

State and local income taxes, net of Federal income tax benefit	7.4	27.9	17.2	7.6	25.5	6.5

Miscellaneous items	(1.7)	(6.5)	(.7)	(.3)	(2.5)	(.6)

Estimated taxes on income	\$(2.1)	(8.0)%	\$89.6	39.3%	\$157.4	40.2%
=====						

FINANCIAL INSTRUMENTS

The reported fair values of financial instruments are based on a variety of factors. In certain cases, fair values represent quoted market prices for identical or comparable instruments. In other cases, fair values have been estimated based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of credit risk. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of December 31, 1993 and 1994, or that will be realized in the future.

The estimated fair values of Dana's financial instruments are as follows:

	December 31			
	1993		1994	
	Carrying Amount	Fair Value	CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS				
Cash and marketable securities	\$ 77.6	\$ 77.6	\$ 112.2	\$ 112.2
Loans receivable	135.1		120.7	
Less: Allowance for loan losses	14.5		5.6	
Net loans	120.6	120.1	115.1	114.8
FINANCIAL LIABILITIES				
Short-term debt	474.1	474.1	583.1	583.1
Long-term debt	1,207.4	1,247.1	1,186.5	1,195.9
Security deposits - leases	21.5	20.3	14.8	13.3
Deferred funding commitments under leveraged leases	7.6	7.9	7.6	7.5
UNRECOGNIZED FINANCIAL INSTRUMENTS				
Interest rate derivatives:				
Assets		.4		7.5
Liabilities		(24.6)		(8.5)

BUSINESS SEGMENTS

Dana operates principally in three business segments: Vehicular, Industrial and Lease Financing. The Vehicular segment consists primarily of the manufacturing and marketing of axles, structural components, transmissions, joints and shafts, clutches and engine parts (such as pistons, piston rings, filters and gaskets). The Industrial segment manufactures and markets various products, including those for off-highway motor vehicles. The Lease Financing segment consists of Diamond Financial Holdings, Inc., a wholly-owned subsidiary whose primary operating subsidiaries are engaged in leasing and finance operations.

Lease financing revenue includes lease financing income, fees and interest. Other income includes dividends and interest. Other expense includes interest and corporate expenses. Corporate assets include cash, marketable securities, accounts receivable and investments (excluding assets which can be identified to lease financing).

The "Other International" geographic area is comprised primarily of Brazil and Canada, neither of which exceeds 10% of the consolidated amounts. Interarea transfers between countries are transferred at the prevailing market price. Export sales from the United States to customers outside the United States amounted to \$418.9 in 1992, \$385.4 in 1993 and \$430.7 in 1994. Total export sales (including sales to Dana's international subsidiaries which are eliminated for financial statement presentation) were \$555.2, \$526.2 and \$587.6 in 1992, 1993 and 1994, respectively.

Worldwide sales to Ford Motor Company and subsidiaries amounted to \$824.1, \$963.7 and \$1,082.9 in 1992, 1993 and 1994, respectively, which represented 17%, 18% and 16% of Dana's consolidated sales. Sales to Chrysler Corporation and subsidiaries in 1992, 1993 and 1994 amounted to \$454.3, \$605.9 and \$815.7, respectively, representing 9%, 11% and 12% of Dana's consolidated sales. Sales to Ford and Chrysler were primarily from the Company's Vehicular segment. No other customer accounted for more than 10% of Dana's consolidated sales.

COMMENTS ON FINANCIAL STATEMENTS
IN MILLIONS

DANA CORPORATION

BUSINESS SEGMENTS (CONT'D.)

Financial information concerning operations by industry segment is as follows:

	VEHICULAR	INDUSTRIAL	LEASE FINANCING	CONSOLIDATED
Year Ended December 31, 1992				
Sales to customers	\$3,923.2	\$ 940.0	\$ 9.0	\$4,872.2
Lease financing revenue			144.0	144.0
Total revenue	\$3,923.2	\$ 940.0	\$ 153.0	\$5,016.2
Operating income (loss)	\$ 251.6	\$ 34.4	\$ (22.3)	\$ 263.7
Other income				19.9
Other expense				(257.3)
Income before income taxes				\$ 26.3
Assets identified to segments	\$1,843.7	\$ 489.7	\$1,271.6	\$3,605.0
Corporate assets				737.9
Total assets				\$4,342.9
Depreciation	\$ 130.5	\$ 40.0	\$ 3.8	
Capital expenditures	\$ 100.9	\$ 24.1	\$ 3.0	
Year Ended December 31, 1993				
Sales to customers	\$4,499.8	\$ 957.1	\$ 3.2	\$5,460.1
Lease financing revenue			115.4	115.4
Total revenue	\$4,499.8	\$ 957.1	\$ 118.6	\$5,575.5
Operating income	\$ 424.0	\$ 39.9	\$ 4.0	\$ 467.9
Other income				12.0
Other expense				(252.0)
Income before income taxes				\$ 227.9
Assets identified to segments	\$1,823.9	\$ 441.7	\$1,310.3	\$3,575.9
Corporate assets				1,056.0
Total assets				\$4,631.9
Depreciation	\$ 131.4	\$ 33.7	\$ 3.0	
Capital expenditures	\$ 166.5	\$ 35.9	\$ 2.2	
YEAR ENDED DECEMBER 31, 1994				
SALES TO CUSTOMERS	\$5,298.5	\$1,308.9	\$ 6.4	\$6,613.8
LEASE FINANCING REVENUE			139.5	139.5
TOTAL REVENUE	\$5,298.5	\$1,308.9	\$ 145.9	\$6,753.3
OPERATING INCOME	\$ 520.1	\$ 56.9	\$ 11.6	\$ 588.6
OTHER INCOME				9.1
OTHER EXPENSE				(206.1)
INCOME BEFORE INCOME TAXES				\$ 391.6
ASSETS IDENTIFIED TO SEGMENTS	\$1,977.6	\$ 572.8	\$1,387.4	\$3,937.8
CORPORATE ASSETS				1,173.0
TOTAL ASSETS				\$5,110.8
DEPRECIATION	\$ 135.7	\$ 37.0	\$ 3.0	
CAPITAL EXPENDITURES	\$ 276.0	\$ 53.3	\$ 3.4	

BUSINESS SEGMENTS (CONT'D.)

Financial information concerning operations by principal geographic area is as follows:

	UNITED STATES	EUROPE	OTHER INTERNATIONAL	ADJUSTMENTS AND ELIMINATIONS	TOTAL
Year Ended December 31, 1992					
Sales to customers	\$3,571.0	\$ 586.2	\$ 715.0		\$4,872.2
Lease financing revenue	124.7	12.9	6.4		144.0
Interarea transfers	136.3	2.3	82.7	\$ (221.3)	
	\$3,832.0	\$ 601.4	\$ 804.1	\$ (221.3)	\$5,016.2
Operating income	\$ 190.3	\$ 14.3	\$ 59.1		\$ 263.7
Other income	19.9				19.9
Other expense	(217.6)	(10.6)	(29.1)		(257.3)
Income (loss) before income taxes	\$ (7.4)	\$ 3.7	\$ 30.0		\$ 26.3
Assets identified	\$2,881.2	\$ 293.4	\$ 430.4		\$3,605.0
Corporate assets	400.5	128.3	209.1		737.9
Total assets	\$3,281.7	\$ 421.7	\$ 639.5		\$4,342.9
Year Ended December 31, 1993					
Sales to customers	\$4,132.3	\$ 511.3	\$ 816.5		\$5,460.1
Lease financing revenue	93.8	16.3	5.3		115.4
Interarea transfers	140.8	3.7	81.8	\$ (226.3)	
	\$4,366.9	\$ 531.3	\$ 903.6	\$ (226.3)	\$5,575.5
Operating income	\$ 370.9	\$ 1.8	\$ 95.2		\$ 467.9
Other income	12.0				12.0
Other expense	(216.3)	(8.7)	(27.0)		(252.0)
Income (loss) before income taxes	\$ 166.6	\$ (6.9)	\$ 68.2		\$ 227.9
Assets identified	\$2,717.1	\$ 403.3	\$ 455.5		\$3,575.9
Corporate assets	697.0	140.5	218.5		1,056.0
Total assets	\$3,414.1	\$ 543.8	\$ 674.0		\$4,631.9
YEAR ENDED DECEMBER 31, 1994					
SALES TO CUSTOMERS	\$4,968.3	\$ 713.0	\$ 932.5		\$6,613.8
LEASE FINANCING REVENUE	104.2	26.7	8.6		139.5
INTERAREA TRANSFERS	156.8	7.5	104.6	\$ (268.9)	
	\$5,229.3	\$ 747.2	\$1,045.7	\$ (268.9)	\$6,753.3
OPERATING INCOME	\$ 462.0	\$ 14.0	\$ 112.6		\$ 588.6
OTHER INCOME	9.1				9.1
OTHER EXPENSE	(170.6)	(13.2)	(22.3)		(206.1)
INCOME BEFORE INCOME TAXES	\$ 300.5	\$.8	\$ 90.3		\$ 391.6
ASSETS IDENTIFIED	\$2,836.5	\$ 577.5	\$ 523.8		\$3,937.8
CORPORATE ASSETS	792.2	96.5	284.3		1,173.0
TOTAL ASSETS	\$3,628.7	\$ 674.0	\$ 808.1		\$5,110.8

SIGNIFICANT SUBSIDIARY

DFHI is a wholly-owned subsidiary whose primary operating subsidiaries are engaged in leasing and finance operations. DFHI is included in Dana's consolidated financial statements.

The majority of the assets, liabilities and offices of DSL and its mortgage banking business were sold in 1992. Certain assets (primarily commercial loans and real estate) were retained by DFHI and are included in the consolidated financial statements.

A summary of DFHI's financial position and a summary of results of operations are as follows:

FINANCIAL POSITION	December 31	
	1993	1994
ASSETS		
Cash	\$ 10.5	\$ 5.2
Loans receivable	120.6	115.1
Lease financing	924.5	1,061.3
Other assets	254.7	205.9
Total Assets	\$1,310.3	\$1,387.5
LIABILITIES AND SHAREHOLDER'S EQUITY		
Notes payable	\$ 867.5	\$ 967.2
Other liabilities	347.8	328.3
Shareholder's equity	95.0	92.0
Total Liabilities and Shareholder's Equity	\$1,310.3	\$1,387.5

RESULTS OF OPERATIONS	Year Ended December 31		
	1992	1993	1994
Revenue from products and services	\$185.1	\$156.8	\$184.4
Interest expense	71.8	56.8	59.4
Cost of sales	11.9	3.3	10.2
General and administrative expenses	123.7	92.7	103.2
	207.4	152.8	172.8
Income (loss) before income taxes	(22.3)	4.0	11.6
Estimated income tax benefit (provision)	28.5	(.3)	(2.5)
Income before equity in earnings of affiliates	6.2	3.7	9.1
Equity in earnings of affiliates	3.9	3.2	5.3
NET INCOME	\$10.1	\$ 6.9	\$14.4

LIQUIDITY AND CAPITAL RESOURCES

Net cash flows from operating activities amounted to \$466 in 1994. This cash flow has allowed Dana to support its strong sales growth by providing a substantial portion of the funds required for working capital and capital spending.

Capital expenditures for property, plant and equipment totaled \$337 in 1994, compared to \$204 in 1993. 1995 capital expenditures are projected to be comparable to 1994 and the majority was uncommitted at December 31, 1994. The higher levels of capital spending in 1994 and 1995 are directed in part towards increasing production capacity of certain products to meet customer demand. In addition, the Company continues to commit capital for the increased use of advanced technology to improve manufacturing processes and the quality of existing products as well as for the development of new products.

Dana Corporation and its consolidated subsidiaries (Dana) had year end 1994 short-term debt of \$583, which is up from \$474 in 1993. This \$109 increase in short-term debt, which was partially offset by a decrease in long-term debt, is due to the substantial increase in 1994 sales and the related growth in accounts receivable, inventory and capital investment. U.S. and international consolidated short-term borrowings averaged \$586 at an average rate of 5.2% during 1994, compared to \$340 at 4.6% during 1993. Dana, excluding financial subsidiaries 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) had \$360 in committed credit facilities available to back up the issuance of commercial paper obligations and \$770 in uncommitted lines with banks for bank borrowings. At December 31, 1994, Dana (excluding DFHI and DCC) had U.S. and international short-term borrowings of \$261 compared to \$155 at year end 1993. This increase is mainly due to long-term debt being replaced by short-term debt at more favorable interest rates. DFHI obtains its short-term funds through bank borrowings. DFHI's bank lines totaled \$145 and at year end 1994 these lines were fully utilized. 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 \$379. Against these credit lines, DCC had \$177 outstanding at December 31, 1994, a decrease of \$107 from year end 1993. This short-term debt reduction at DCC was offset by an equivalent increase in long-term debt.

Dana's consolidated long-term debt decreased \$21 to \$1,186 at year end 1994 from \$1,207 in 1993. This debt reduction was offset by an increase in short-term debt, as a portion of the maturities of long-term debt were replaced by short-term debt. Dana's (excluding DFHI and DCC) long-term debt at December 31, 1994, was \$542 compared to \$659 in 1993. DFHI's long-term debt at December 31, 1994 was \$5 which was down from \$17 in 1993. DCC's long-term debt at year end 1994 increased \$108 to \$640 as compared to \$532 in 1993, with a corresponding reduction in short-term debt.

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. Of these charges recorded in 1992, 1993 and 1994, the Company had remaining accrued liabilities of \$26 at December 31, 1994, compared to \$57 as of December 31, 1993. Of the \$26 liability accrued at December 31, 1994, it is anticipated that \$20 will be paid in 1995 and \$6 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 arising in the ordinary course of business to which the Company and its subsidiaries were parties as of December 31, 1994, including, among others, those involving product liability claims and alleged violations of environmental laws. The Company estimates its contingent environmental and product liabilities based upon the most probable method of remediation or outcome considering currently enacted laws and

LIQUIDITY AND CAPITAL RESOURCES (Cont'd.)

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 methods or outcomes, the Company accrues at the lower end of the range, which at December 31, 1994, was \$77 for product liability claims costs (products) and \$48 for environmental liability costs (environmental), compared to \$72 for products and \$39 for environmental at December 31, 1993. The difference between minimum and maximum contingent liabilities, while not considered material, was \$11 for products and \$5 for environmental at December 31, 1994 compared to \$17 for products and \$5 for environmental at December 31, 1993. Probable recoveries of \$61 for products and \$6 for environmental from insurance or other third parties have been recorded as assets at December 31, 1994, compared to \$54 for products and \$6 for environmental at December 31, 1993. The Company has concluded that any liabilities that may result from these legal proceedings or the timing of the cash flows for these liabilities will not have a material adverse effect on its liquidity, financial condition or results of operations.

The Company is also a defendant in a 1992 lawsuit brought by the Department of Justice alleging that a former Dana operation overcharged the U.S. government on eighteen contracts or subcontracts awarded during the 1980s. The complaint in the suit includes claims both for statutory civil penalties and for damages. The damages, if proven, may be subject either to doubling or trebling or to the accrual of interest. The government has recently advised the Company that it intends to amend the complaint to increase the damage demand from approximately \$9 to approximately \$18. The Company is defending this case vigorously, while continuing to engage in ongoing settlement negotiations with the government in which the litigation issues and alleged damages are being actively discussed and evaluated. It is not anticipated that the outcome of this lawsuit will have a material adverse effect on the Company's 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.

RESULTS OF OPERATIONS 1994 vs 1993

Dana Corporation achieved record sales of \$6,610 in 1994, up \$1,150 compared to \$5,460 in 1993. This 21% growth was primarily the result of unit volume increases experienced throughout the Company's worldwide markets, particularly from the strength of its Vehicular segment's original equipment (OE) markets and the effect of European acquisitions.

Dana's worldwide sales of Vehicular segment components and parts used on automobiles, trucks, trailers, vans and sport utility vehicles increased 18% in 1994 compared to 1993. The OE portion of this increase was \$652 (21%) in 1994 over 1993 while the aftermarket portion increased \$147 (10%). Dana's sales to the light truck OE market (its largest sales contributor) increased \$292 (18%) over 1993 levels primarily due to U.S. demand for pickup trucks and sport utility vehicles. The Company's 1994 heavy truck OE component sales rose \$225 (36%) over 1993 sales reflecting higher U.S. production. Acquisitions made in the latter half of 1993 and early 1994 accounted for \$142 of the sales increase in the Vehicular segment.

Worldwide sales from Dana's Industrial segment, which includes sales to the mobile off-highway equipment market, increased 37% in 1994 or \$352 over 1993, partially due to European acquisitions and continued strength in the U.S. construction and agricultural machinery markets. OE sales from the mobile off-highway portion of this segment increased 46% or \$141 in 1994 over 1993 with acquisitions accounting for \$22. Industrial OE sales in 1994 improved 4% over 1993 with increases in the U.S. partially offset by weakness for most of the year in Europe, although improvements occurred in Europe's industrial markets in the latter months of 1994. Mobile off-highway/industrial aftermarket sales increased 12% in 1994 compared to 1993.

Dana sales from U.S. operations were \$4,970 in 1994, an increase of 20% from the \$4,130 reported for 1993. The Company's sales to the U.S. light truck OE market improved 21% over 1993 levels due to the increased demand for pickup trucks, vans and sport utility vehicles for which Dana supplies many key components. Dana's heavy truck component sales to the U.S. OE market increased 41% in 1994 as North American production reached its highest level in 15 years. Service parts sales to the U.S. aftermarket grew 8% in 1994 over 1993 consisting of increases in auto distribution (5%), truck parts (10%) and mobile off-highway/industrial distribution (9%).

Dana sales from international operations were \$1,640 in 1994, an increase of 24% over the \$1,330 of 1993. The \$310 year on year increase is principally due to the contribution of European acquisitions and vehicular unit volume improvements in South America and Canada. Sales from Dana's South American operations increased 22% in 1994 over 1993 due to higher export activities and a strong regional (Mercosur) economy. Sales from the Company's Canadian subsidiary improved 8% over 1993 principally due to the strength of U.S. based OE customers. European acquisitions accounted for \$169 of the sales increase in 1994 as Dana seeks to achieve 50% of its total sales through international markets by the year 2000. Exclusive of the effect of acquisitions, sales from the Company's European operations increased 6% in 1994 over 1993. International Vehicular aftermarket sales increased \$135 or 25%, including \$73 due to acquisitions. Industrial OE sales, especially from Dana's German facilities, decreased \$3, or 3% below 1993 levels due in large part to the weak European economy for most of 1994. Mobile off-highway OE sales of Dana's international operations increased \$71 over 1993 in part due to acquisitions.

Revenue from lease financing and other income increased \$21 in 1994 or 17% over 1993 due to an increase in new business recorded by DCC in 1994. DCC experienced a 12% growth in its lease financing assets in 1994. Leveraged lease assets increased 39% and the direct financing assets of the United Kingdom operation grew 56%, both of which contributed to the \$18 increase in lease financing revenue during 1994. In 1994, other income also includes an insurance settlement of \$4.

Foreign currency translation losses were \$22 for 1994 as compared to \$24 in 1993. The losses were almost exclusively related to the Company's Brazilian operations and the translation of the cruzeiro to U.S. dollars. A \$26 loss was incurred in the first eight months of the year offset by a gain of \$4 in the final four months as Brazil's new currency (real) was introduced at parity with the U.S. dollar. To the extent the value of the real remains at its current rate of exchange with the U.S. dollar, future foreign currency translation adjustments relating to Brazil are expected to be minimal. Despite the anticipated reduction in translation losses, Dana's overall profit will not be effected due to offsetting effects on sales and cost of sales.

Dana's consolidated gross margin for 1994 improved to 15.0% from 14.4% in 1993. The margin improvement is the result of higher sales volumes being experienced by the Company's U.S. operations as well as benefits derived through productivity and cost containment initiatives. U.S. gross margins improved to 13.2% in 1994 compared to 12.5% in 1993. Non U.S. operations' 1994 margins were comparable to 1993. If Dana's 1993 margins were adjusted for the impact of the Brazilian currency realignment, making the comparison more meaningful, 1994's gross margin would show an even greater overall improvement when compared to 1993. During 1994 and 1993, the Company recorded \$28 and \$40 for the downsizing, consolidation and closure of certain non-strategic and under-performing operations. Gross margins in 1994 and 1993 were reduced by .4% and .7%, respectively, due to the recognition of these costs. It is anticipated that Dana's operations will benefit from these realignment actions over the long term.

Operating income in the Vehicular segment increased 23% in 1994, while the Industrial segment operating income increased 43%. Both segments benefited from higher sales volume in 1994, Vehicular principally in the North American light and heavy truck markets, Industrial in the U.S. construction equipment and agricultural machinery markets. Operating income of both segments also benefited from productivity and margin improvements.

Operating income of the Lease Financing segment increased to \$12 in

RESULTS OF OPERATIONS 1994 vs 1993 (Cont'd.)

1994 from \$4 in 1993. This improved operating income relates almost exclusively to the leasing activities of DCC and resulted from a reduction in interest expense as a percent of revenue (31% in 1994, 34% in 1993), an increase in lease financing and related revenue of 11% in 1994 over 1993 and income from the receipt of an insurance settlement in 1994.

Selling, general and administrative expenses (SG&A) were \$612 in 1994 compared to \$523 for 1993, an increase of \$89. Acquisitions made in the latter half of 1993 and early in 1994 accounted for \$36 of the increase. After adjusting for the effect of acquisitions, SG&A increased 10%, primarily due to higher business levels. The ratio of expense to sales continued to improve and was 9.2% in 1994 compared to 9.6% in 1993, due to continuing cost containment and productivity efforts.

Interest expense decreased to \$113 in 1994 from \$137 in 1993 due to the overall lower average interest rates achieved through the replacement of higher rate notes and debentures with lower rate debt and the conversion of the 5 7/8% convertible debentures to stock. Average debt levels were comparable in 1994 and 1993.

Dana's international operations had operating income of \$127 in 1994, an increase of \$30 from the \$97 reported in 1993. The profitability of the Company's operations in Canada and the Asia Pacific region improved significantly over the prior year. Additional operating income improvements were contributed by Dana's European acquisitions as well as DCC's European operations.

Equity in earnings of affiliates increased to \$24 in 1994 from \$16 in 1993 due to improved performance by Dana's affiliates in Korea and Venezuela and by DCC's leasing partnerships. The improved performance of the Korean affiliate related to the turnaround in the local economy, while Dana's affiliate operation in Venezuela has benefited from strong export sales volume. Certain DCC Leasing partnerships contributed higher earnings in 1994 compared to 1993. Dana's Mexican affiliate, whose functional currency is the peso, also had an improved operating performance in 1994 over 1993. Because this affiliate is included in the consolidated financial statements with a fiscal year end of October 31, the devaluation of the Mexican peso did not affect Dana's earnings in 1994. The affiliate has approximately \$130 in U.S. dollar denominated debt and it is estimated that the translation of this debt into pesos will result in Dana recording a charge to first quarter 1995 earnings of approximately \$17, or \$.17 per share for its proportionate share of the translation loss. Near term movement in the value of the Mexican peso is currently difficult to predict and is partially dependent upon the results of the economic support efforts of the U.S. and international economic organizations.

Minority interest in net income of consolidated subsidiaries increased in 1994 to \$30 from \$26 in 1993 due to increased earnings of Dana's subsidiary in Canada.

Taxes on income increased to \$157 in 1994 from \$90 in 1993 due to higher pre-tax income. The effective tax rate increased to 40% in 1994 compared to 39% in 1993. A \$3 reduction in income tax expense in 1993 was recorded to recognize the effect that the 1% U.S. corporate income tax rate increase had on the Company's previously recorded income tax benefits.

Based on the current demand for light trucks, sport utility vehicles and heavy trucks, Dana expects sales of its vehicular products to the North and South American markets to remain strong in the coming months. The recent growth experienced in Dana's mobile off-highway sales is also forecasted to continue, reflecting strong demand from the Company's construction and agricultural machinery customers. Dana anticipates sales increases of its industrial products due to a strong U.S. market and an improving European economy. The Company projects steady growth in its worldwide aftermarket sales. Dana will continue, as opportunities become evident, to pursue further growth by expansion or acquisition in all of its global markets.

RESULTS OF OPERATIONS 1993 vs 1992

Dana's 1993 worldwide sales were \$5,460, up 12% from \$4,870 in 1992. The sales growth was paced by the Vehicular OE and distribution markets of North and South America, with the largest increases occurring in the Company's light truck OE business.

The Company's sales of vehicular components and parts for use on automobiles, trucks and trailers were \$4,500, an increase of 15% over 1992. Dana's sales to the U.S. light truck OE portion of this market (i.e. equipment for pickup trucks, vans, and sport utility vehicles) increased 28% over 1992, while sales of components to the U.S. medium and heavy truck segment were up 17%. Also contributing to the increase to vehicular sales were increases of 23% and 7% in South America and Canada, respectively.

The Company's worldwide distribution sales were \$2,000 in 1993, an increase of 3% over 1992. Dana's U.S. distribution business increased 7%, of which 3% is attributable to a recent acquisition, while international distribution business declined 4% from 1992 levels. Dana's worldwide sales to distribution markets represented 37% of consolidated 1993 sales.

Dana's sales of products to the Industrial segment in 1993 were \$957, up 2% over 1992. Sales to this segment on a regional basis for 1993 showed increases in all areas of the world except Europe.

Consolidated international sales in 1993 were \$1,328, up 2% over 1992. Increases in South America, Canada and Asia Pacific were partially offset by a decline in Europe.

Revenue from lease financing and other income decreased from \$164 in 1992 to \$127 in 1993. This decrease is attributable to lower leasing-related revenue and property sales in 1993, and the inclusion in 1992 of a small gain on the sales of investments. Leasing revenues decreased due to lower average lease rates, reduced gains from the disposition of assets at the end of the lease term and a change in the portfolio mix of direct finance and leveraged leases.

Operating income in the Vehicular segment increased 69%, while the Industrial segment income increased 16%. Higher unit sales in North America, combined with emphasis on cost control, asset management and productivity improvement, contributed to the increase in the Vehicular operating income. The increase in the Industrial segment operating income resulted primarily from productivity and margin improvements in the U.S. and Brazil offset by the effect of slow sales in Europe due to the downturn in the European economy.

Operating income of the Lease Financing segment was \$4 in 1993, an increase of \$26 over 1992's loss of \$22. This increase was primarily due to continued asset and credit quality improvements in the lease, loan and real estate portfolios, resulting in the recording of lower loss provisions in 1993.

Dana's international operations had operating income of \$97 in 1993, an increase of \$24 from 1992. This increase was primarily the result of improvements in Dana's Canadian and South American operations, partially offset by decreases in Europe.

Equity in earnings of affiliates decreased from \$31 in 1992 to \$16 in 1993, primarily due to lower earnings from the Company's Mexican affiliate. Foreign currency adjustments of \$24 in 1993 were level with 1992 and related almost exclusively to Dana's Brazilian operations.

Selling, general and administrative (SG&A) expenses were \$523 in 1993, a decrease of 2% from 1992. The decrease was principally the result of lower lease, loan and real estate provisions in the Lease Financing segment, partially offset by increases attributable to acquisitions and improved business levels in North and South America.

SG&A as a percent of sales improved to 9.6% in 1993 from 11.0% in 1992 due to the Company's emphasis on productivity improvement and cost containment. Reduced debt levels and lower rates decreased interest expense from \$168 in 1992 to \$137 in 1993.

Taxes on income amounted to \$90 in 1993 compared to a benefit of \$2 in 1992. The change was attributable to higher taxable income in 1993 and realization of capital loss carryforward benefits in 1992. The increase in the U.S. corporate income tax rate resulted in a small increase in deferred income tax benefits. Minority interest in net income of consolidated subsidiaries increased to \$26 from 1992's \$17, due principally to increased earnings of Dana's subsidiaries in Canada and Brazil.

Beginning in 1988, Diamond Financial Holdings, Inc. our wholly-owned financial subsidiary which had previously been accounted for on the equity method, was fully consolidated to reflect adoption of SFAS No. 94, "Consolidation of All Majority-owned Subsidiaries." The additional information on pages 37-39 shows Dana's balance sheet, income statement and cash flows as if DFHI were accounted for on the equity method and DFHI (on pages 40-41) on a stand alone basis. The Company believes this separate financial data will help the reader better understand the consolidated statements and related comments on pages 19-34.

Additional Information -- Balance Sheet
in millions

DANA CORPORATION
(INCLUDING DIAMOND FINANCIAL HOLDINGS, INC. ON AN EQUITY BASIS)

	December 31	
	1993	1994
ASSETS		
Current assets		
Cash	\$ 39.0	\$ 43.0
Marketable securities, at cost which approximates market	28.0	64.0
Accounts receivable, less allowance for doubtful accounts of \$16.8 - 1993 and \$19.6 - 1994	923.0	1,009.6
Inventories		
Raw materials	141.8	186.4
Work in process and finished goods	508.1	553.8
Total inventories	649.9	740.2
Other current assets	138.8	132.3
Total current assets	1,778.7	1,989.1
Investments and other assets		
Investments at cost	9.9	8.4
Investments at equity	209.3	202.9
Goodwill	168.0	187.3
Intangible pension asset	80.1	83.9
Other	64.3	88.1
Total investments and other assets	531.6	570.6
Deferred income tax benefits	312.5	316.2
Property, plant and equipment, net	1,061.3	1,210.4
Total Assets	\$3,684.1	\$4,086.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	\$ 318.0	\$ 413.1
Accounts payable	309.1	387.1
Accrued payroll and employee benefits	179.5	221.8
Other accrued liabilities	247.8	287.9
Taxes other than taxes on income	33.5	38.5
Taxes on income	121.6	107.4
Total current liabilities	1,209.5	1,455.8
Deferred employee benefits and other noncurrent liabilities	1,035.0	1,149.2
Long-term debt	496.0	389.3
Minority interest in consolidated subsidiaries	142.2	152.2
Shareholders' equity	801.4	939.8
Total Liabilities and Shareholders' Equity	\$3,684.1	\$4,086.3

Additional Information -- Statement of Income DANA CORPORATION
in millions (INCLUDING DIAMOND FINANCIAL HOLDINGS, INC. ON AN EQUITY BASIS)

	Year Ended December 31		
	1992	1993	1994
NET SALES	\$4,863.2	\$5,456.9	\$6,607.4
Other income	19.9	11.9	9.2
Foreign currency adjustments	(24.9)	(24.2)	(22.0)
	4,858.2	5,444.6	6,594.6
Costs and expenses			
Cost of sales	4,281.2	4,687.8	5,630.5
Selling, general and administrative expenses	430.3	449.7	529.8
Interest expense	98.9	83.2	54.3
	4,810.4	5,220.7	6,214.6
Income before income taxes	47.8	223.9	380.0
Estimated taxes on income	26.4	89.3	154.9
Income before minority interest and equity in earnings of affiliates	21.4	134.6	225.1
Minority interest in net income of consolidated subsidiaries	(15.7)	(26.2)	(30.2)
Equity in earnings of affiliates	37.4	20.1	33.3
Income before effects of changes in accounting principles	43.1	128.5	228.2
Effect on prior years of the change in accounting for:			
Inventories	12.9		
Postretirement benefits other than pensions	(438.0)		
Postemployment benefits		(48.9)	
NET INCOME (LOSS)	\$ (382.0)	\$ 79.6	\$ 228.2

Additional Information -- Statement of Cash Flows
in millions

DANA CORPORATION
(INCLUDING DIAMOND FINANCIAL HOLDINGS, INC. ON AN EQUITY BASIS)

	Year Ended December 31		
	1992	1993	1994
Net cash flows from operating activities	\$ 199.1	\$ 391.0	\$ 435.4
Cash flows from investing activities:			
Purchases of property, plant and equipment	(111.0)	(175.8)	(278.2)
Acquisitions and additions to investments	(48.4)	(44.9)	(21.6)
Other	5.2	40.1	14.8
Net cash flows - investing activities	(154.2)	(180.6)	(285.0)
Cash flows from financing activities:			
Net change in short-term debt	(111.3)	4.4	80.8
Issuance of long-term debt	136.5	224.1	50.0
Payments on long-term debt	(201.4)	(375.0)	(166.6)
Issuance of common stock	189.1		
Dividends paid	(69.8)	(73.8)	(82.0)
Other	8.9	14.3	7.4
Net cash flows - financing activities	(48.0)	(206.0)	(110.4)
Net increase (decrease) in cash and cash equivalents	\$ (3.1)	\$ 4.4	\$ 40.0

Reconciliation of net income (loss) to net
cash flows from operating activities:

Net income (loss)	\$(382.0)	\$ 79.6	\$ 228.2
Noncash items included in income:			
Effect on prior years of the changes in accounting	425.1	48.9	
Depreciation and amortization	154.5	154.3	163.6
Deferred income taxes	.2	9.4	13.0
Minority interest	3.7	13.4	12.3
Net change in receivables, inventory and payables	1.0	67.4	18.0
Unremitted earnings of affiliates	1.0	8.8	(7.0)
Other	(4.4)	9.2	7.3
Net cash flows from operating activities	\$ 199.1	\$ 391.0	\$ 435.4

Additional Information -- Balance Sheet
in millionsDIAMOND FINANCIAL HOLDINGS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF DANA CORPORATION)

	December 31	
	1993	1994
ASSETS		
Cash	\$ 10.5	\$ 5.2
Loans receivable	120.6	115.1
Lease financing	924.5	1,061.3
Real estate held for sale	92.2	49.2
Investments	80.0	58.0
Other assets	82.5	98.7
Total Assets	\$1,310.3	\$1,387.5
LIABILITIES AND SHAREHOLDER'S EQUITY		
Short-term debt	\$ 318.9	\$ 322.2
Accounts payable and other liabilities	204.6	134.8
Long-term debt	548.6	645.0
Deferred income taxes	143.2	193.5
Shareholder's equity	95.0	92.0
Total Liabilities and Shareholder's Equity	\$1,310.3	\$1,387.5

Additional Information -- Statement of Income
in millionsDIAMOND FINANCIAL HOLDINGS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF DANA CORPORATION)

	Year Ended December 31		
	1992	1993	1994
Net sales	\$ 9.0	\$ 3.2	\$ 6.4
Interest and fees on loans	7.0	6.9	9.4
Lease financing	133.2	123.0	135.1
Other income	35.9	23.7	33.5
	185.1	156.8	184.4
Cost and expenses			
Cost of sales	11.9	3.3	10.2
Interest expense	71.8	56.8	59.4
General and administrative expenses	123.7	92.7	103.2
	207.4	152.8	172.8
Income (loss) before income taxes	(22.3)	4.0	11.6
Estimated income tax benefit (provision)	28.5	(.3)	(2.5)
Income before equity in earnings of affiliates	6.2	3.7	9.1
Equity in earnings of affiliates	3.9	3.2	5.3
NET INCOME	\$ 10.1	\$ 6.9	\$ 14.4

Additional Information -- Statement of Cash Flows
in millionsDIAMOND FINANCIAL HOLDINGS, INC.
(A WHOLLY-OWNED SUBSIDIARY OF DANA CORPORATION)

	Year Ended December 31		
	1992	1993	1994
Net cash flows from operating activities	\$ 48.2	\$ 108.0	\$ 48.2
Cash flows from investing activities:			
Purchases of assets to be leased	(257.9)	(303.1)	(429.0)
Loans made to customers and partnership affiliates	(18.2)	(22.8)	(39.3)
Purchases of investment securities	(181.0)		
Loans purchased		(25.1)	(.2)
Payments received on leases	189.4	164.1	195.5
Proceeds from sales of leased assets	64.1	37.8	39.8
Proceeds from sales of real estate	25.7	24.1	36.8
Payments received on loans	18.5	18.3	38.7
Proceeds from sales of certain assets and subsidiaries	34.6		
Other	11.3	20.9	19.8
Net cash flows - investing activities	(113.5)	(85.8)	(137.9)
Cash flows from financing activities:			
Net change in short-term debt	73.2	37.1	3.3
Issuance of long-term debt	210.3	354.3	305.4
Payments on long-term debt	(212.9)	(401.3)	(206.6)
Dividend paid		(14.5)	(17.7)
Net cash flows - financing activities	70.6	(24.4)	84.4
Net increase (decrease) in cash	\$ 5.3	\$ (2.2)	\$ (5.3)
Reconciliation of net income to net cash flows from operating activities:			
Net income	\$ 10.1	\$ 6.9	\$ 14.4
Noncash items included in income:			
Depreciation and amortization	37.1	41.4	47.0
Deferred income taxes	(.6)	21.7	46.4
Additions to lease and loan loss reserves and adjustment of real estate to net realizable value	42.5	23.3	25.5
Change in other assets, other liabilities and accrued expenses	(40.9)	14.7	(85.1)
Net cash flows from operating activities	\$ 48.2	\$ 108.0	\$ 48.2

Additional Comments IN MILLIONS EXCEPT PER SHARE AMOUNTS
DANA CORPORATION

SHAREHOLDERS' INVESTMENT

The following table shows the range of market prices of Dana Corporation common stock on the New York Stock Exchange and the cash dividends declared and paid for each quarter during 1993 and 1994. At December 31, 1994, the closing price of Dana common stock was \$23 1/2.

Quarter Ended	STOCK PRICE						CASH DIVIDENDS DECLARED AND PAID	
	1993			1994			1993	1994
	HI	LO	CLOSE	HI	LO	CLOSE		
March 31	\$24 13/16	\$22	\$23 7/16	\$30 11/16	\$27 1/4	\$28 5/8	\$.20	\$.20
June 30	27 1/8	22 5/8	27 1/8	30 5/8	25 1/2	28 1/2	.20	.21
September 30	29 1/8	25 3/4	28 7/8	29 3/4	26 1/4	27 3/4	.20	.21
December 31	30 1/8	26 1/2	29 15/16	27 7/8	19 5/8	23 1/2	.20	.21

UNAUDITED QUARTERLY FINANCIAL INFORMATION

QUARTER ENDED	NET SALES	GROSS PROFIT	NET INCOME (LOSS)	NET INCOME (LOSS) PER SHARE
For the year ended				
December 31, 1992				
March 31	\$1,186	\$114	\$(429.6)	\$(5.22)
June 30	1,240	160	13.7	.16
September 30	1,187	160	12.4	.14
December 31	1,259	156	21.5	.24
For the year ended				
December 31, 1993				
March 31	\$1,324	\$181	\$(25.4)	\$(.27)
June 30	1,418	214	36.6	.39
September 30	1,291	194	33.2	.36
December 31	1,427	196	35.2	.38
FOR THE YEAR ENDED				
DECEMBER 31, 1994				
MARCH 31	\$1,597	\$234	\$47.7	\$.48
JUNE 30	1,712	281	68.0	.69
SEPTEMBER 30	1,610	234	52.9	.54
DECEMBER 31	1,695	241	59.6	.60

The Company changed its method of accounting for inventories effective January 1, 1992, to include in inventory certain production-related costs previously charged directly to expense. This change in accounting principle results in a better matching of costs against related revenues. The effect of this change in accounting increased net income in the first quarter of 1992 by \$12.9 (\$.16 per share). During the first quarter of 1992, net income was increased by \$5.0 (\$.06 per share) due to settlement of litigation. In March 1992, Dana announced its intention to close one of its U.S. manufacturing facilities and merge its operations into another existing facility. Estimated closing and relocation costs for this facility reduced first quarter 1992 net income by \$18.0 (\$.22 per share). Dana adopted SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other than Pensions," effective January 1, 1992. The Company recognized the transition obligation immediately as the effect of an accounting change, which resulted in a one-time charge to income in 1992 of \$438.0 after-tax (\$4.99 per share). In addition, 1992 net income was reduced by \$24.0 (\$.27 per share) as a result of the incremental after-tax increase in ongoing retiree benefit costs under Dana's benefit plans in effect during 1992.

During the second quarter of 1992, net income was increased by \$4.0 (\$.05 per share) due to the sale of an investment.

During the fourth quarter of 1992, net income was increased by \$3.5 (\$.04 per share) due to the sale of the business and a majority of the assets, liabilities and offices of DSL and its mortgage banking business.

Dana adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1993. The effect of adopting SFAS No. 112 in 1993 resulted in a \$48.9 after-tax charge to income (\$.53 per share).

Dana's third quarter 1993 net income included approximately \$3.0 (\$.03 per share) of income tax benefit attributable primarily to the effect of the change in the U.S. corporate income tax rate on deferred income tax benefits.

Eleven Year History
IN MILLIONS EXCEPT SHARE AND PER SHARE AMOUNTS

DANA CORPORATION

FINANCIAL HIGHLIGHTS

For the Years	1984	1985	1986	1987	1988	1989
Net Sales	\$3,649	\$3,797	\$3,738	\$4,180	\$4,936	\$4,865
Net Income (Loss)	191	165	84	142	162	132
Net Income (Loss) per Common Share	1.70	1.48	.82	1.62	1.99	1.62
Dividends Declared per Common Share	.60	.64	.64	.70	.77	.80
Total Assets	3,778	4,174	4,578	4,914	4,786	5,225
Long-Term Debt	580	663	1,027	1,322	1,324	1,522

For the Years	1990	1991	1992	1993	1994
Net Sales	\$4,952	\$4,398	\$4,872	\$5,460	\$6,614
Net Income (Loss)	76	13	(382)	80	228
Net Income (Loss) per Common Share	.92	.16	(4.35)	.86	2.31
Dividends Declared per Common Share	.80	.80	.80	.80	.83
Total Assets	4,513	4,179	4,343	4,632	5,111
Long-Term Debt	1,486	1,541	1,467	1,207	1,187

DANA CORPORATION
(INCLUDING DIAMOND FINANCIAL HOLDINGS, INC. ON AN EQUITY BASIS)

FOR THE YEARS	1984	1985	1986	1987	1988	1989
Net Income per Share of Common Stock+	\$1.70	\$1.48	\$.82	\$1.62	\$1.99	\$1.62
Cash Dividends per Share of Common Stock Declared and Paid	.60	.64	.64	.70	.77	.80
SUMMARY OF OPERATIONS						
NET SALES	\$3,575	\$3,754	\$3,695	\$4,142	\$4,896	\$4,857
Cost of Sales	2,838	3,054	3,075	3,480	4,133	4,104
Income (Loss) before Income Taxes	414	342	201	203	238	217
Income Taxes*	205	169	96	84	109	95
NET INCOME+	191	165	84	142	162	132
Net Income for the Year Retained for Growth	124	93	19	81	100	67
Interest Expense	42	51	63	91	103	118
YEAR END FINANCIAL POSITION						
Liquid Assets**	\$615	\$533	\$563	\$733	\$801	\$763
Working Capital	787	612	590	484	509	508
Ratio of Current Assets to Current Liabilities	2.4-1	1.9-1	1.8-1	1.5-1	1.5-1	1.5-1
Total Shareholders' Equity	1,223	1,195	944	865	960	1,020
Long-Term Debt	317	354	618	690	681	759

Net Property, Plant and Equipment	612	737	765	820	905	985
Total Assets	2,257	2,424	2,514	2,788	2,916	3,102
Average Number of Shares Outstanding (in thousands)	112,658	112,020	102,196	87,430	81,353	81,658
Stock Price High	15 9/16	15 3/16	18 1/4	27 1/8	20 1/4	21 7/16
Low	10 9/16	11 1/8	12 3/4	13 3/4	16 1/4	16 1/2
Close	13 5/16	13 5/8	17 7/16	17 1/16	19 7/16	17 5/16

FOR THE YEARS 1990 1991 1992 1993 1994

Net Income per Share of Common Stock+	\$.92	\$.16	\$.64	\$ 1.39	\$ 2.31
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Cash Dividends per Share of Common Stock Declared and Paid	.80	.80	.80	.80	.83
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SUMMARY OF OPERATIONS

NET SALES	\$4,948	\$4,385	\$4,863	\$5,457	\$6,607
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Cost of Sales	4,129	3,841	4,282	4,688	5,631
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Income (Loss) before Income Taxes	187	(24)	48	224	380
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Income Taxes*	97	3	26	89	155
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NET INCOME+	76	13	56	129	228
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Net Income for the Year Retained for Growth	10	--	--	6	146
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Interest Expense	120	111	99	83	54
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YEAR END FINANCIAL POSITION

Liquid Assets**	\$764	\$746	\$837	\$990	\$1,117
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Working Capital	487	423	562	569	533
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Ratio of Current Assets to Current Liabilities	1.5-1	1.4-1	1.6-1	1.5-1	1.4-1
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Total Shareholders' Equity	1,049	989	707	801	940
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Long-Term Debt	766	786	687	496	389
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Net Property, Plant and Equipment	1,107	1,077	1,029	1,061	1,210
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Total Assets	3,196	2,959	3,349	3,684	4,086
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Average Number of Shares Outstanding (in thousands)	81,954	82,171	87,792	92,533	98,689
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Stock Price High	19 1/16	18 1/4	24 1/8	30 1/8	30 11/16
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Low	9 15/16	12 5/16	13 3/8	22	19 5/8
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Close	14 15/16	13 7/8	23 1/2	29 15/16	23 1/2
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* Net of the cumulative effect of the change in accounting for income taxes in 1987.

** Cash, Marketable Securities and Accounts Receivable

+ Excludes one-time SFAS No. 106 charge of \$438 (\$4.99 per share) in 1992 and SFAS No. 112 charge of \$4.99 (\$.53 per share) in 1993.

DANA CORPORATION
Subsidiaries
as of December 31, 1994

EXHIBIT 21

Name - - - - -	Jurisdiction -----
Albarus Inc.	Delaware
DTF Trucking, Inc.	Delaware
Dana Distribution, Inc.	Delaware
Dana International Finance, Inc.	Delaware
Dana International Limited	Delaware
Dana World Trade Corporation	Delaware
Flight Operations, Inc.	Delaware
Gemstone Gasket Company	Delaware
Precision Specialties, Inc.	Delaware
Swanton Air Three, Inc.	Delaware
Results Unlimited, Inc.	Delaware
Warner Sensors Corporation	Delaware
Undercar International, Inc.	Delaware
Krizman International, Inc.	Delaware
Reinz Wisconsin Gasket Co.	Delaware
Diamond Financial Holdings, Inc.	Delaware
Summey Building Systems, Inc.	North Carolina
PRO-DEL Properties, Inc.	North Carolina
Admiral's Harbour, Inc.	Ohio
Dana Credit Corporation	Delaware
Dana Commercial Credit Corporation	Delaware
Camotop Two Corporation	Delaware
Comprehensive Asset Services, Inc.	Delaware
Dana Business Credit Corp.	Delaware
Dana Commercial Finance Corporation	Delaware
Dana Fleet Leasing, Inc.	Delaware
CCD Air Ten, Inc.	Delaware
CCD Air Eleven, Inc.	Delaware

EXHIBIT 21 (continued)

Name	Jurisdiction
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CCD Air Twelve, Inc.	Delaware
CCD Air Thirteen, Inc.	Delaware
CCD Air Fourteen, Inc.	Delaware
CCD Air Twenty, Inc.	Delaware
CCD Air Twenty-One, Inc.	Delaware
CCD Air Twenty-Two, Inc.	Delaware
CCD Air Twenty-Three, Inc.	Delaware
CCD Air Thirty, Inc.	Delaware
CCD Air Thirty-One, Inc.	Delaware
CCD Air Thirty-Two, Inc.	Delaware
CCD Air Thirty-Three, Inc.	Delaware
CCD Air Thirty-Four, Inc.	Delaware
CCD Air Thirty-Five, Inc.	Delaware
CCD Air Thirty-Six, Inc.	Delaware
CCD Air Thirty-Seven, Inc.	Delaware
CCD Air Thirty-Eight	Delaware
CCD Air Thirty-Nine	Delaware
CCD Air Forty, Inc.	Delaware
CCD Air Forty-One, Inc.	Delaware
CCD Air Forty-Two, Inc.	Delaware
CCD Air Forty-Four, Inc.	Delaware
CCD Rail Two, Inc.	Delaware
CCD Rail Three, Inc.	Delaware
DCC Project Finance One, Inc.	Delaware
DCC Project Finance Two, Inc.	Delaware
DCC Project Finance Three, Inc.	Delaware
DCC Linden, Inc.	Delaware
DCC Project Finance Four, Inc.	Delaware
DCC Project Finance Five, Inc.	Delaware
DCC Project Finance Six, Inc.	Delaware
DCC Servicing, Inc.	Delaware
REBAC, Inc.	Delaware
REBNEC Three, Inc.	Delaware
REBNEC Five, Inc.	Delaware
REBNEC Nine, Inc.	Delaware
REBNEC Eleven, Inc.	Delaware
REED, Inc.	Delaware
REFIRST, Inc.	Delaware
RETRAM, Inc.	Delaware
TNUH, Inc.	Delaware
Dana Lease Finance Corporation	Delaware
Camotop One Corporation	Delaware
Dana Leasing, Inc.	Delaware
CCD Air One, Inc.	Delaware
CCD Air Two, Inc.	Delaware
CCD Air Three, Inc.	Delaware
CCD Air Four, Inc.	Delaware
CCD Air Five, Inc.	Delaware
CCD Air Seven, Inc.	Delaware
CCD Air Eight, Inc.	Delaware
CCD Air Nine, Inc.	Delaware
CCD Air Forty-Three, Inc.	Delaware
CCD Rail One, Inc.	Delaware

EXHIBIT 21 (continued)

Name	Jurisdiction
CCD Rail Four, Inc.	Delaware
DCC Project Finance Seven, Inc.	Delaware
DCC Project Finance Eight, Inc.	Delaware
DCC Spacecom Two, Inc.	Delaware
DCC Vendercom, Inc.	Delaware
JVQ Capital One, Inc.	Delaware
REBNEC One, Inc.	Delaware
REBNEC Two, Inc.	Delaware
REBNEC Four, Inc.	Delaware
REBNEC Six, Inc.	Delaware
REBNEC Ten, Inc.	Delaware
REBNEC Twelve, Inc.	Delaware
RECONN, Inc.	Delaware
RESAMM, Inc.	Delaware
REVA, Inc.	Delaware
DCC Project Nine, Inc.	Delaware
Dana Risk Management Services, Inc.	Ohio
Dana Venture Capital Corporation	Ohio
Rosetta Technologies, Inc.	Delaware
Findlay Properties, Inc.	Ohio
Glendale Investment Company	Ohio
Ottawa Properties, Inc.	Michigan
Shannon Properties, Inc.	Delaware
First Shannon Realty of North Carolina, Inc.	North Carolina
Lenox I-4 Lakeland Associates	Florida
Region Center Associates	Florida
Sunforest Communications Group	Florida
Avalon Partners Two	Delaware
Bethesda-BOB Limited Partnership	Delaware
Blue Diamond Limited Partnership	Delaware
D.C.L. Leasing Partners Limited Partnership, Ltd.-IV	Delaware
D.C.L. Leasing Partners Limited Partnership, Ltd.-VI	Delaware
Farnborough Properties Partners I Limited	Delaware
Farnborough Properties Partners II Limited	Delaware
Farnborough Properties Partners III Limited	Delaware
Farnborough Properties Partners IV Limited	Delaware
Federal Southfield Limited Partnership	Delaware
Home Improvement Leasing Limited Partnership	Delaware
SAM Terabac Limited Partnership	Delaware
Terabac Investors Limited Partnership	Delaware
Hayes-Dana Inc.	Canada
Hayes-Dana (Quebec), Inc.	Canada
St. Catharines Financial Inc.	Canada
Dana Commercial Credit, Canada Inc.	Canada
Krizman Canada, Inc.	Canada
Shenyang Spicer Driveshaft Co. Ltd.	China
Dana Japan, Ltd.	Japan
Dantean Co., Ltd	Thailand
Dana Asia (Thailand) Ltd.	Thailand
Spicer Asia (Thailand) Ltd.	Thailand
Dana Industrial Co., Ltd.	Thailand

EXHIBIT 21 (continued)

Name - - - - -	Jurisdiction -----
Dana Asia (Singapore) Pte. Ltd.	Singapore
Dana Asia (Taiwan) Ltd.	Taiwan
Dana Asia (Taiwan) APD Co., Ltd.	Taiwan
Spicer Asia Engineering Ltd.	Taiwan
Taiyiu Warner Industrial Ltd.	Taiwan
Dana Australia (Holdings) Limited	Australia
Dana Australia Pty Limited	Australia
Truckline Parts Centres Pty. Ltd.	Australia
Spicer Drive Train Pty. Ltd.	Australia
Warner Electric Australia Pty. Ltd.	Australia
Dana Europe Holdings B.V.	Netherlands
Dana Distribution (Holland) B.V.	Netherlands
Technisch Bureau Hoevelaken B.V.	Netherlands
Warner Electric B.V.	Netherlands
Spicer Netherland B.V.	Netherlands
Superior Electric Nederland B.V.	Netherlands
Tece Almere B.V.	Netherlands
Europecas S.A.	Portugal
Europecas (Porto) Comercio de Pecas Veiculos Lda.	Portugal
Warner Electric SA	Belgium
Dana Holdings Limited	United Kingdom
Dana Limited	United Kingdom
Brown Brothers Corporation Ltd.	United Kingdom
Brown Brothers Engineering Limited	United Kingdom
Steiber Formsprag Ltd.	United Kingdom
Posidata Ltd.	United Kingdom
B. Equipment Ltd.	United Kingdom
Warner Electric Limited	United Kingdom
Wichita Company Limited	United Kingdom
Steiber Ltd.	United Kingdom
Superior Electric Engineering Services, Ltd.	United Kingdom
Shannon Properties UK, Ltd.	United Kingdom
Shannon Finance Ltd.	United Kingdom
Dana Commercial Credit Ltd.	United Kingdom
Dana Commercial Credit (UK) Ltd.	United Kingdom
Farnborough Properties Company	United Kingdom
Farnborough Airport Properties Company	United Kingdom
Dana S.A.	France
Floquet Monopole S.A.	France
Societe Industrielle de Precision Marti, S.A.	France
S.R.I.M.	France
Spicer France S.A.R.L.	France
Warner France S.A.	France
Collins & Tournadre "Tourco"	France
GIE Warner & Tourco	France
Steiber S.A.R.L.	France
Superior Electric S.A.R.L.	France
Dana Finance S.A.	France

EXHIBIT 21 (continued)

Name - - - - -	Jurisdiction -----
Spicer India Limited	India
Dana Italia SPA	Italy
Sige Brevetti. Ing. Columbo SpA	Italy
Metaltechno SpA	Italy
Warner Electric Ltd.	Spain
Dana Equipamientos, S.A.	Spain
Dana AB	Sweden
Warner-Tollo AB	Sweden
Warner Electric (International) S.A.	Switzerland
Warner Electric S.A.	Switzerland
Dana GmbH	Fed. Republic of Germany
Dana Holding GmbH	Fed. Republic of Germany
Stieber Formsprag GmbH	Fed. Republic of Germany
The Weatherhead GmbH	Fed. Republic of Germany
Warner Electric GmbH	Fed. Republic of Germany
Erwin Hengstler Hydraulic GmbH	Fed. Republic of Germany
Spicer GmbH	Fed. Republic of Germany
Dana Beteiligungs	Fed. Republic of Germany
Reinz Dichtungs	Fed. Republic of Germany
Euro Reinz GmbH	Fed. Republic of Germany
Stieber Antriebselemente GmbH	Fed. Republic of Germany
Dana Equipamentos Ltda.	Brazil
Albarus, S.A. Industrial E Comercio	Brazil
Albarus Corretora de Seguros Ltda.	Brazil
Pellegrino Autopecas Industrial e Comercio Ltda.	Brazil
Albarus Sistemas Hidraulicos Ltda.	Brazil
Induscromo Industria e Comercio de Cromo Ltda.	Brazil
Albarus S.A. Comercial e Exportadora	Brazil
Cirane Industria e Comercio Ltda.	Brazil
International Machinery S.A.	Brazil
Warner Electric do Brasil Ltda.	Brazil
Previaalbarus Societe de Providencia	Brazil
Simese Parish Ltda.	Brazil
Solar Insurance Company Limited	Bermuda
Astro Insurance Company Ltd.	Bermuda
Dana Foreign Sales Corp.	Virgin Islands
Fairway Captive Services Limited	Virgin Islands
DCC Spacecom Ltd.	Virgin Islands
Dana Asia (Hong Kong) Limited	Hong Kong
Shui Hing Manufacturing Company Limited	Hong Kong
Shenyang Spicer Limited	Hong Kong
Technologia de Mocion Controlada S.A. de C.V.	Mexico
UBALI S.A.	Uruguay
Talesol S.A.	Uruguay

EXHIBIT 21 (continued)

Name - - - - -	Jurisdiction -----
E. Daneri, I.C.S.A.	Argentina
Aros Daneri, S.A.	Argentina
Danargen, S.A.I.C.	Argentina
Dana Asia Pacific (Malaysia) Sdn. Bhd.	Malaysia
Dana Asia (Korea) Co., Ltd	Korea
Industria De Ejes y Transmisiones S.A.	Colombia
Transejes C.D. Ltda.	Columbia
Transpart Ltda.	Columbia
Transcar Ltda.	Columbia
Transmotor Ltda.	Columbia

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-64198) of Dana Corporation of our report dated February 12, 1995 appearing on page 18 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules, which appears on page 18 of this Form 10-K.

PRICE WATERHOUSE LLP

Toledo, Ohio
March 10, 1995

POWER OF ATTORNEY

The undersigned directors and/or officers of DANA CORPORATION hereby constitute and appoint SOUTHWOOD J. MORCOTT, JAMES E. AYERS, CHARLES W. HINDE, SUE A. GRIFFIN and MARTIN J. STROBEL, and each of them, severally, their true and lawful attorneys-in-fact with full power for and on their behalf to execute the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, including any and all amendments thereto, in their names, places and stead in their capacity as directors and/or officers of the Corporation, and to file the same with the Securities and Exchange Commission on behalf of the Corporation under the Securities and Exchange Act of 1934, as amended.

This Power of Attorney automatically ends as to each appointee upon the termination of his or her service with the Corporation.

IN WITNESS WHEREOF, the undersigned have executed this instrument the 12th day of December, 1994.

B. F. Bailar -----	J. D. Stevenson -----
B. F. Bailar	J. D. Stevenson
E. M. Carpenter -----	T. B. Sumner -----
E. M. Carpenter	T. B. Sumner
R. T. Fridholm -----	J. E. Ayers -----
E. Clark	J. E. Ayers
E. Clark -----	C. W. Hinde -----
R. T. Fridholm	C. W. Hinde
G. H. Hiner -----	S. A. Griffin -----
G. H. Hiner	S. A. Griffin
M. A. Marks -----	M. J. Strobel -----
M. A. Marks	M. J. Strobel
S. J. Morcott -----	
S. J. Morcott	

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1,000

YEAR	
	DEC-31-1994
	JAN-01-1994
	DEC-31-1994
	48,200
	64,000
	960,400
	19,600
	740,200
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	2,797,000
	1,449,800
	5,110,800
	0
	1,186,500
	98,800
	0
	0
	841,000
5,110,800	
	6,613,800
	6,740,500
	5,624,000
	5,624,000
	0
	0
	113,400
	391,600
	151,400
	0
	0
	0
	0
	228,200
	2.31
	0