

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, 1993 Commission file number 1-1063.

DANA CORPORATION

(Exact name of registrant as specified in its charter)

Virginia

34-4361040

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

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, International
(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.

The aggregate market value of the voting stock held by non-affiliates of the
registrant at February 17, 1994, was approximately \$2,878 million.

The number of shares of registrant's Common Stock, \$1 Par Value, outstanding at
February 17, 1994, was 49,292,389 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Document

Where Incorporated

- | | |
|--|--|
| 1. Proxy Statement dated March 4, 1994
for Annual Meeting of Shareholders
to be held on April 6, 1994. | Part III (Items 10, 11, 12, 13) |
| 2. Annual Report to Shareholders
for year ended December 31, 1993. | 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, 1993

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PART I

ITEM 1 - BUSINESS

Dana Corporation, founded 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 markets and is a major supplier to the related aftermarkets. Dana is also a leading provider of lease financing services in selected markets. The Company's products include: drivetrain components, such as axles, driveshafts, clutches and transmissions; engine parts, such as gaskets, piston rings, seals, pistons and filters; chassis products, such as vehicular frames and cradles and heavy duty side rails; fluid power components, such as pumps, motors and control valves; and industrial products, such as electrical and mechanical brakes and clutches, drives and motion control devices.

Dana's vehicular components and parts are used on automobiles, pickup trucks, vans, minivans, sport utility vehicles, medium and heavy trucks and off-highway vehicles. In 1993, sales to this segment accounted for 82% of Dana's total sales. The Company's industrial products include mobile off-highway and stationary equipment applications. Sales to this segment amounted to 18% of the Company's 1993 total sales.

"Business Segments" at pages 31 and 32 of Dana's 1993 Report to Shareholders ("1993 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, Columbia, France, Germany, India, Italy, Korea, Mexico, Netherlands, Singapore, Switzerland, Taiwan, Thailand, United Kingdom and Venezuela. Most of Dana's international subsidiaries and affiliates manufacture and sell vehicular and industrial products similar to those produced by Dana in the United States.

Consolidated international sales were \$1.3 billion, or 24% of the Company's 1993 sales. Including U.S. exports, international sales accounted for 31% of 1993 consolidated sales. International operating income was \$97 million, or 21% of consolidated 1993 operating income. In addition, there was \$13 million of equity in earnings from international affiliates in 1993.

Dana believes the regional operating organizations have positioned the Company to profitably share in the anticipated long-term growth of the worldwide Vehicular and Industrial markets. The Company intends to increase its involvement and investment in international markets in the coming years.

"Geographic Areas" at page 33 of Dana's 1993 Annual Report is incorporated herein by reference.

MARKETS

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

	Market Analysis by Business Segment*		
	Percentage of Consolidated Sales		
	1991	1992	1993
Vehicular Products -			
Original Equipment Manufacturers	47%	50%	54%
Service Parts	32%	31%	28%
	---	---	---
Total	79%	81%	82%
Industrial Products -			
Original Equipment Manufacturers	11%	10%	9%
Service Parts	10%	9%	9%
	---	---	---
Total	21%	19%	18%

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

Sales in the Financial Holdings segment consisted of real estate sales and did not exceed 1% of consolidated sales for 1991, 1992 or 1993. Financial Holdings revenues (amounting to less than 5% of Dana's consolidated 1993 total revenues) have been excluded from this market analysis.

CUSTOMER DEPENDENCE

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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 1993. The Company has been supplying product to Ford, Chrysler and their divisions for many years. Sales to Ford, as a percentage of the Company's net sales, were 15%, 17% and 18% in 1991, 1992, 1993, respectively. Sales to Chrysler, as a percentage of net sales, were 8%, 9% and 11% in 1991, 1992, and 1993, 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

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

Types of Products - - - - -	Major Product Groups - Vehicular Segment Percentage of Consolidated Sales		
	1991 -----	1992 -----	1993 -----
Front and rear axles for highway vehicles, primarily trucks	22.9%	25.3%	28.2%
Engine parts and accessories for highway vehicles, such as gaskets, seals, pistons, piston rings and filters	16.8%	16.5%	14.3%
Frames for highway vehicles, primarily trucks	8.1%	8.5%	8.1%
Universal joints for highway vehicles, primarily trucks	9.7%	10.2%	10.6%
Other Vehicular products	21.3%	20.0%	21.2%
	-----	-----	-----
Total	78.8%	80.5%	82.4%

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

MATERIALS

The Company normally does not experience raw material shortages within its operations. Most raw materials and semi-processed or finished items are purchased within the operating regions. Temporary shortages of a particular material or part may occasionally occur, but the various Dana units basically buy from a number of capable, long-term suppliers.

SEASONALITY

Dana's businesses are not considered to be seasonal.

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 OEM customers as well as a large number of independent domestic and international suppliers. The competitive environment in these segments has changed dramatically in the past few years as the Company's traditional United States OEM customers, faced with substantial international competition, have expanded their worldwide sourcing of components. In order for Dana to compete both domestically and internationally with suppliers, the Company has established operations in several regions of the world so that Dana can be a strong global supplier of its core products.

In the Financial Holdings 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 three 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 support of this initiative and has competed in world markets for nearly 70 years. The Company has been in Japan for two decades and is well established throughout Europe, South America, and the Asia/Pacific region. In 1993, international sales, including exports from the United States, totaled 31% of net sales. The Company's long-term goal is to derive 50% of its net sales (including exports) from customers outside the United States. Although subject to certain risks, the Company believes broadening its international sales will enable it to offset potential adverse 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.

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The Company's second long-term strategic objective is to increase its distribution sales to 50% of net sales. The Company believes that distribution sales are less cyclical than original equipment sales and offer 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 1993, the Company's distribution sales were 37% of net sales.

The Company's third objective is to increase its share of its OEM customers' global component purchases. To accomplish this objective, the Company is focusing on meeting OEM customers' needs in each of the local markets in which they operate, both through exports and by locating manufacturing facilities in markets where key OEM customers have assembly plants.

PATENTS AND TRADEMARKS

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Dana's proprietary drivetrain, engine parts, chassis, fluid power systems, and industrial power transmission product lines have strong identities worldwide in the Vehicular and Industrial markets which Dana serves. Throughout these product lines, Dana owns or is licensed to manufacture and/or sell its products under a number of patents and trademarks. These patents, trademarks 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 of any particular patent, trademark, or license would not materially affect the sales and profits of the Company.

RESEARCH AND DEVELOPMENT

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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. To promote efficiency and reduce development costs, Dana's research and engineering people work closely with original equipment manufacturing customers on special product and systems designs. Dana's consolidated worldwide expenditures for engineering, research and development, and quality control programs were \$102 million in 1991, \$108 million in 1992 and \$120 million in 1993.

EMPLOYMENT

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Dana's worldwide employment (including consolidated subsidiaries and affiliates) was 36,000 at December 31, 1993.

CASH FLOWS

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Dana experiences increases or decreases in cash flows as sales volumes fluctuate in the Vehicular or Industrial business segments. Cash balances are utilized from time to time to purchase additional fixed assets, for acquisitions of new businesses or product lines, for investments and to retire debt. The "Statement of Cash Flows" on page 21 of Dana's 1993 Annual Report is incorporated herein by reference.

ENVIRONMENTAL COMPLIANCE

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The Company makes capital expenditures in the normal course of business, as necessary, to ensure that its facilities are in compliance with applicable federal, state and local 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 1993, and the Company currently does not anticipate future environmental compliance costs to be material.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company and their ages as of March 7, 1994, 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 (55)	Chairman of the Board 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 (63)	Executive Vice President since 1981	President - Dana Europe, 1986-93
C.H. Hirsch (59)	Executive Vice President since 1991	Senior Vice President, 1985-91
J.E. Ayers (61)	Chief Financial Officer since 1989, Vice President - Finance since 1986 and Treasurer since 1983	None
J.M. Magliochetti (51)	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 (59)	Industrial President - Dana North American Operations since 1990	Group Vice President - Dana North American Operations, 1989-90; Vice President - Dana North American Operations, 1987-89
W.J. Carroll (49)	President - Hayes-Dana Inc. since 1993	Vice President and General Manager - Aftermarket Products Division, 1987-93
B.N. Cole (51)	Vice President - Heavy Vehicle - Dana North American Operations since 1991	Vice President and General Manager - Frame Division, 1988-91
C.J. Eterovic (59)	President - Dana South American Operations since 1993	Vice President - Dana South American Operations, 1992-93; President - Dana Andean Common Market, 1979-92

Name and Age -----	Present Position(s) with the Registrant -----	Other Positions During the Past Five Years -----
M.A. Franklin, III (46)	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; Vice President and General Manager - Spicer Heavy Axle Division, 1984-89
C.W. Hinde (55)	Vice President - Chief Accounting Officer since 1992 and Assistant Treasurer since 1986	Director - Corporate Accounting & Taxes, 1986-92
C.J. McNamara (55)	Vice President-Automotive - Dana North American Operations since 1993	Vice President and General Manager- Victor Products Division, 1987-92
J.H. Reed (61)	Vice President - Light Vehicle Dana North American Operations since 1992 and President - Spicer Axle Division since 1991	Vice President and General Manager - Spicer Axle Division, 1987-91
R.C. Richter (42)	Corporate Controller since 1989 and Vice President - Administration since 1987	None
M.H. Rothlisberger (50)	Vice President and Controller - Dana North American Operations since 1989 and Assistant Treasurer since 1985	Corporate Controller, 1987-89
E.J. Shultz (51)	President - Financial Services since 1990	Group Vice President - Financial Services, 1986-90
J.S. Simpson (53)	President - Dana Asia/Pacific Operations since 1992	President - Diamond Savings and Loan Company, 1987-92
M.J. Strobel (53)	Vice President since 1976, General Counsel since 1970, and Secretary since 1982	None

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 most 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	115	27	43	12	197
Distribution	58	15	126	33	232
Service Branches, Offices	111	4	9	13	137
Total	284	46	178	58	566

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, including those arising out of alleged defects in the Company's products and alleged violations of various environmental laws (including the federal "Superfund" law). Some of the environmental proceedings involve claims for damages and/or potential monetary sanctions. Management and its legal counsel periodically review the probable outcome of pending legal proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the Company's insurance coverage, and the Company's established reserves for uninsured liabilities. While the outcome of these proceedings cannot be predicted with certainty, management believes, based on these reviews, 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.

Included among the foregoing proceedings is the following:

IN THE MATTER OF DANA CORPORATION - VICTOR PRODUCTS DIVISION AND BRC RUBBER GROUP. This administrative proceeding was brought in 1990 by the United States Environmental Protection Agency ("USEPA") in Region V, Chicago. USEPA 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 seeks 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 has agreed to indemnify BRC for liabilities asserted against BRC arising from alleged RCRA violations during the Company's operation of the storage facility. In June 1992, the Company submitted a settlement proposal to USEPA containing a plan to sample the soil at the storage facility site to establish that no contaminants have been released from materials that the Company stored there. In June 1993, the Indiana Department of Environmental Management ("IDEM"), on behalf of USEPA, notified the Company of its determination that the sampling plan is inadequate. IDEM also issued a Notice of Deficiency with respect to the Company's closure of the storage facility. The Company believes that the Notice of Deficiency imposes obligations which go beyond the appropriate scope of RCRA closure and has initiated discussions with IDEM about the sampling program and the Notice of Deficiency, and with USEPA about the penalty phase of the administrative hearing.

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.

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

Dana's common stock is listed on the New York, Pacific, and International (London) Stock Exchanges. On February 17, 1994, there were approximately 25,600 shareholders of record.

Dividends have been paid on the common stock every year since 1936. Quarterly dividends have been paid since 1942. Management currently anticipates that dividends will continue to be paid in the future.

"Additional Comments - Shareholders' Investment" at page 42 of Dana's 1993 Annual Report is incorporated herein by reference.

ITEM 6 - SELECTED FINANCIAL DATA

"Eleven Year History - Financial Highlights" at page 43 of Dana's 1993 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 35-36 of Dana's 1993 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 dated February 13, 1994, at pages 18-34 of Dana's 1993 Annual Report and "Unaudited Quarterly Financial Information" at page 42 of Dana's 1993 Annual Report are incorporated herein by reference.

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

- None -

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 4, 1994 for the Annual Meeting of Shareholders to be held on April 6, 1994 (the "1994 Proxy Statement"). "Election of Directors" and "Compliance with Section 16(a) of the Exchange Act" from the 1994 Proxy Statement are incorporated by reference.

ITEM 11 - EXECUTIVE COMPENSATION

"The Board and Its Committees" and "Executive Compensation" from Dana's 1994 Proxy Statement are incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

"Stock Ownership" from Dana's 1994 Proxy Statement is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

"Other Transactions" from Dana's 1994 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, 1992 and 1993	19
Consolidated Statement of Income for the three years ended December 31, 1993	20
Consolidated Statement of Cash Flows for the three years ended December 31, 1993	21
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(2) Financial Statement Schedules: -----	
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Valuation and Qualifying Accounts and Reserves (Schedule VIII)	18 - 21
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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.

(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 13, 1994, appearing on page 18 of the 1993 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 the Financial Statement Schedules (Schedules V, VI, VIII and X) listed in Item 14(a) of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE

Toledo, Ohio
February 13, 1994

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

Classification	Balance at beginning of period	Additions at Cost	Retirements or Sales	Transfers and other	Balance at end of period
Year ended December 31, 1991					
Land and improvements to Land	\$ 52,796,000	\$ 2,014,000	\$ (1,619,000)	\$ (345,000)	\$ 52,846,000
Building and building fixtures	455,904,000	20,287,000	(11,606,000)	(981,000)	463,604,000
Machinery and equipment	1,892,917,000	125,936,000	(91,610,000)	(36,222,000)	1,891,021,000
Total	<u>\$2,401,617,000</u>	<u>\$ 148,237,000</u>	<u>\$(104,835,000)</u>	<u>\$ (37,548,000)</u>	<u>\$2,407,471,000</u>
Year ended December 31, 1992					
Land and improvements to Land	\$ 52,846,000	\$ 1,360,000	\$ (545,000)	\$ 1,012,000	\$ 54,673,000
Building and building fixtures	463,604,000	9,222,000	(9,596,000)	(8,395,000)	454,835,000
Machinery and equipment	1,891,021,000	101,392,000	(67,670,000)	5,744,000	1,930,487,000
Total	<u>\$2,407,471,000</u>	<u>\$ 111,974,000</u>	<u>\$ (77,811,000)</u>	<u>(1,639,000)</u>	<u>\$2,439,995,000</u>
Year ended December 31, 1993					
Land and improvements to Land	\$ 54,673,000	\$ 716,000	\$ (4,142,000)	\$ 395,000	\$ 51,642,000
Building and building fixtures	454,835,000	11,812,000	(14,419,000)	(1,985,000)	450,243,000
Machinery and equipment	1,930,487,000	192,617,000	(89,150,000)	(6,576,000)	2,027,378,000
Total	<u>\$2,439,995,000</u>	<u>\$ 205,145,000</u>	<u>\$(107,711,000)</u>	<u>\$ (8,166,000)</u>	<u>\$2,529,263,000</u>

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE VI - ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Classification	Balance at beginning of period	Additions at Cost	Retirements or Sales	Transfers and other	Balance at end of period
Year ended December 31, 1991					
Land and improvements to Land	\$ 11,868,000	\$ 768,000	\$ (288,000)	\$ (20,000)	\$ 12,328,000
Building and building fixtures	142,640,000	11,732,000	(3,854,000)	(7,335,000)	143,183,000
Machinery and equipment	1,015,425,000	136,339,000	(73,923,000)	(8,211,000)	1,069,630,000
Total	<u>\$1,169,933,000</u>	<u>\$ 148,839,000</u>	<u>\$ (78,065,000)</u>	<u>\$ (15,566,000)</u>	<u>\$1,225,141,000</u>
Year ended December 31, 1992					
Land and improvements to Land	\$ 12,328,000	\$ 757,000	\$ (224,000)	\$ (20,000)	\$ 12,841,000
Building and building fixtures	143,183,000	13,918,000	(3,433,000)	3,190,000	156,858,000
Machinery and equipment	1,069,630,000	132,605,000	(60,014,000)	15,168,000	1,157,389,000
Total	<u>\$1,225,141,000</u>	<u>\$ 147,280,000</u>	<u>\$ (63,671,000)</u>	<u>18,338,000</u>	<u>\$1,327,088,000</u>
Year ended December 31, 1993					
Land and improvements to Land	\$ 12,841,000	\$ 717,000	\$ (261,000)	\$ (201,000)	\$ 13,096,000
Building and building fixtures	156,858,000	13,795,000	(4,997,000)	501,000	166,157,000
Machinery and equipment	1,157,389,000	128,219,000	(77,093,000)	(565,000)	1,207,950,000
Total	<u>\$1,327,088,000</u>	<u>\$ 142,731,000</u>	<u>\$ (82,351,000)</u>	<u>\$ (265,000)</u>	<u>\$1,387,203,000</u>

DEPRECIATION:

Depreciation for the more important groups of property purchased or constructed by the Company is based on the following service lives:

	Years
Buildings	10 to 45
Machinery and equipment	3 to 12
Furniture, fixtures and other assets	3 to 10

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

	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 -----
Year end					
December 31, 1991	\$19,412,000	\$6,662,000	\$(7,204,000)	\$ 253,000	\$19,123,000
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

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

ALLOWANCE FOR BAD DEBTS - LEASE FINANCING

	Balance at beginning of period -----	Additions charged to income -----	Amounts "written off" net of recoveries -----	Other -----	Balance at end of period -----
Year end					
December 31, 1991	\$38,024,000	\$30,726,000	\$(23,737,000)	\$(600,000)(1)	\$44,413,000
December 31, 1992	\$44,413,000	\$19,520,000	\$(22,250,000)	\$(570,000)(1)	\$41,113,000
December 31, 1993	\$41,113,000	\$12,049,000	\$(14,796,000)	\$(126,000)(1)	\$38,240,000

(1) Transfer of allowances from lease financing to loans receivable and other assets.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

ALLOWANCE FOR LOAN LOSSES

	Balance at beginning of period	Additions charged to income	Loans receivable "written off" net of recoveries	Acquisitions and other items	Balance at end of period
Year end					
December 31, 1991	\$ 3,088,000	\$ 6,442,000	\$ (1,609,000)	\$1,179,000 (1)	\$ 9,100,000
December 31, 1992	\$ 9,100,000	\$ 9,234,000	\$ (505,000)	\$8,989,000 (2)	\$26,818,000
December 31, 1993	\$26,818,000	\$(1,848,000)(3)	\$(10,544,000)	\$ 96,000	\$14,522,000

(1) Transfer of allowances from lease financing to loans receivable and purchase of loans from Diamond Savings and Loan.

(2) Transfer of allowances for loans retained subsequent to the sale of Diamond Savings and Loan's assets.

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

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

VALUATION ALLOWANCE - REAL ESTATE

	Balance at beginning of period -----	Additions charged to income -----	Amounts "written off" net of recoveries -----	Other -----	Balance at end of period -----
Year end					
December 31, 1991	\$22,605,000	\$ 5,849,000	\$(6,786,000)	\$ 3,021,000 (1)	\$24,689,000
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

(1) Purchase of real estate from Diamond Savings and Loan.

(2) Includes reduction of \$3,560,000 as reclassified to reserve on equity investment and an increase of \$5,798,000 reclassification from other assets.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

	1991 ----	1992 ----	1993 ----
Maintenance and repairs	\$74,497,000	\$76,559,000	\$92,726,000

There were no other items, required by this section, which exceeded one percent of consolidated revenue.

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 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 3,000,000 and 5,950,000 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 October 10, 1983 three-for-two stock split.

The number of shares subject to options (by year of grant) at December 31, 1993, and the exercise prices per share were as follows:

	Number of Shares	Average Price Per Share	Total
	-----	-----	-----
Year granted -			
1984	27,047	\$ 22.13	\$ 598,400
1985	13,650	25.88	353,200
1986	90,295	31.56	2,849,900
1987	73,600	46.88	3,450,000
1988	130,626	37.50	4,898,500
1989	85,475	42.12	3,599,700
1990	206,894	36.50	7,551,600
1991	154,600	32.75	5,062,700
1992	552,322	40.31	22,265,500
1993	362,750	54.80	19,878,100
	-----		-----
	1,697,259		\$70,507,600
	=====		=====

At December 31, 1993, there were 3,291,278 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, 1993.

Options becoming exercisable and options exercised, their exercise prices and their market prices during the three years ended December 31, 1993, under these plans were as follows:

	No. 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,					
1991	188,088	\$39.00	\$ 7,336,000	\$32.14	\$ 6,046,000
1992	248,012	36.98	9,172,000	41.17	10,211,000
1993	333,562	38.42	12,817,000	53.60	17,878,000
Options exercised (Market prices at dates exercised):					
Year ended December 31,					
1991	69,024	\$18.56	\$ 1,281,000	\$30.70	\$ 2,119,000
1992	300,209	21.83	6,554,000	34.52	10,363,000
1993	405,368	30.94	12,541,000	48.06	19,483,000

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, 1993, 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 17, 1994, based on \$58.38 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 17, 1994
	-----	-----	-----	-----	-----
1977 Plan	168,147	\$ 36.79	\$ 6,185,400	7/16/94 to 7/13/97	\$ 9,816,400
1982 Amended Plan	1,529,112	\$ 42.06	\$64,322,000	7/16/94 to 7/19/03	\$89,269,600

At December 31, 1993, 1,093 employees of the Company and its subsidiaries and affiliates held exercisable options under the Company's stock option plans, consisting of 276 employees under the 1977 Plan and 817 employees (some of whom also held options under the 1977 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, 1993, 27,500 employees of the Company and its subsidiaries were eligible to participate. Of such employees, 6,733 were participating at December 31, 1993.

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, options were granted for 10,500 shares at an exercise price of \$48.50 per share. The expiration date of the options is 4/19/03. At December 31, 1993, no stock options were exercisable and there were 54,500 shares available for future grant. At February 17, 1994, the aggregate exercise price of options outstanding under the Plan was \$509,300 and the aggregate market value of those options was \$613,000.

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS
-----COMMITMENTS AND CONTINGENCIES

As discussed on page 27 of the 1993 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. Based on currently available facts, existing technology, and presently enacted environmental laws and regulations, the Company estimates that it will incur costs of approximately \$38 million in connection with these actions, including the costs of investigation and remediation and administrative and legal expenses. This amount has been recorded in the accounts net of probable recoveries of \$6 million from insurance and other sources. If circumstances change, these estimates may change.

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, 1993, 20,000 such claims were outstanding, of which 9,600 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. The Company estimates that its total liability for product liability claims is approximately \$73 million. This amount has been recorded in the accounts net of probable recoveries of \$54 million from insurance and other sources. If circumstances change, these estimates may change.

EXHIBIT INDEX

EXHIBIT -----	PAGE NO. -----
3-A	Restated Articles of Incorporation, as amended December 13, 1989 (filed by reference to Exhibit 3-A to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)
3-B	Restated By-Laws of Registrant, effective February 28, 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-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

PAGE NO.

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- 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(1) Retirement Plan (filed by reference to Exhibit 10-G to Registrant's Report on Form 10-Q for the quarter ended September 30, 1989)
 - 10-G(2) Second Amendment to Retirement Plan, dated March 15, 1990 (filed by reference to Exhibit 10-G(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)
 - 10-G(3) Third Amendment to Retirement Plan, adopted December 6, 1991 (filed by reference to Exhibit 10-G(3) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
 - 10-G(4) Fourth Amendment to Retirement Plan, adopted February 11, 1993 (filed by reference to Exhibit 10-G(4) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
 - 10-G(5) Fifth Amendment to Retirement Plan, dated May 17, 1993 (filed by reference to Exhibit 10-G(5) to Registrant's Report on Form 10-Q for the quarter ended June 30, 1993)
 - 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 May 1, 1991
 - 10-I(2) Trust Agreement between Registrant and Society Bank and Trust dated October 18, 1993, under which Messrs. Bailar, Carpenter, DiFederico, Fridholm, Hiner, Singletary, 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)

EXHIBIT

PAGE NO.

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- 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)
- 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
- 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.
- 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)
- 13 The following sections of the 1993 Annual Report to Shareholders:
- Business Segments (at pages 31-32 of the Annual Report)
- Geographic Areas (at page 33 of the Annual Report)
- Statement of Cash Flows (at page 21 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 Results (at pages 35-36 of the Annual Report)
- 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)

EXHIBIT
-----PAGE NO.

21	List of Subsidiaries of Registrant
23	Consent of Price Waterhouse
24	Power of Attorney

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 14, 1994 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 14, 1994 Southwood J. Morcott

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

Date: March 14, 1994 James E. Ayers

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

Date: March 14, 1994 Charles W. Hinde

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

Date: March 14, 1994 * B. F. Bailar

B. F. Bailar, Director

Date: March 14, 1994 * E. M. Carpenter

E. M. Carpenter, Director

Date: -----

E. Clark, Director

Date: March 14, 1994 * M. A. DiFederico

M. A. DiFederico, Director

Date: March 14, 1994 * R. T. Fridholm

R. T. Fridholm, Director

Date: March 14, 1994 * G. H. Hiner

G. H. Hiner, Director

RESTATED BY-LAWS
OF
DANA CORPORATION

(EFFECTIVE FEBRUARY 28, 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 ten. 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.

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

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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 Manufacturers Hanover Trust Company, or its successor, on the last business day of the immediately preceding Year.

No person shall, by virtue of his participation in this Plan, have or acquire any interest whatsoever in any 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 cash only in accordance with Section 4.

4. Distributions to Directors

Prior to the time a Director who has elected to defer Fees under this 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 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 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.

10/18/93

TRUST AGREEMENT

TRUST AGREEMENT, dated October 18, 1993, between Dana Corporation (the "Grantor") and Society Bank & Trust (the "Trustee").

WHEREAS, the Grantor maintains for the benefit of certain Directors of the Grantor the Dana Corporation Director Deferred Fee Plan (the "Plan"), a copy of which is attached hereto as Exhibit A for the purpose of providing deferred compensation to participants who have deferred their directors fees under the Plan, all as set forth in the Plan;

WHEREAS, the deferred compensation payments under the Plan are not funded or otherwise secured;

WHEREAS, pursuant to resolutions adopted by the Board of Directors on October 18, 1993, the Grantor is authorized, with the concurrence of each Beneficiary, to amend and restate the Trust Agreement entered into between the Grantor, the Beneficiary and Mark A. Smith, Jr. on April 21, 1992, and to replace it in its entirety with this amended and restated Trust Agreement dated October 18, 1993; and

WHEREAS, the Grantor desires to deposit with the Trustee, subject only to the claims of the Grantor's general creditors in the event of the Grantor's Insolvency (as hereinafter defined), such sums of money and other property to fund wholly or in part such payments as they may become due and payable.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties hereto agree as follows:

1. PURPOSE. The purpose of this Trust Agreement is to establish a trust (the "Trust") to provide a vehicle to (a) hold assets as a reserve for the discharge of the Grantor's obligations to the individual identified in Exhibit B ("Beneficiary") who is entitled to receive deferred director fees under the Plan, and (b) disburse and distribute those assets as provided hereunder.

2. DEFINITIONS.

- (a) "Board of Directors" means the Board of Directors of the Grantor.
- (b) "Beneficiary" means the individual identified in Exhibit B. Any reference hereunder to a Beneficiary shall expressly be deemed to include, where relevant, the beneficiaries of a Beneficiary duly identified under the terms of the Plan. A Beneficiary shall cease to have

such status once any and all amounts due such Beneficiary under the Plan have been satisfied.

- (c) "Change in Control" means a change in control of the Grantor 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 Trust Agreement; provided that, without limitation, such a change in control shall be deemed to have occurred if and when (i) 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 Grantor representing twenty percent (20%) or more of the combined voting power of the Grantor's then outstanding securities or (ii) during any period of 24 consecutive months, individuals who at the beginning of such twenty-four month period were directors of the Grantor cease for any reason to constitute at least a majority of the Board of Directors. Notwithstanding anything to the contrary in this Trust Agreement, the term "person" referred to in clause (i) above of this Section 2(c) shall not include within its meaning, and shall not be deemed to include, for any purpose of this Trust Agreement, any employee benefit plan (or related trust) sponsored or maintained by the Grantor or any corporation controlled by the Grantor.
- (d) "Director" means any individual who is a member of the Grantor's Board of Directors.

3. TRUST CORPUS.

- (a) INITIAL TRUST ESTATE. The Grantor hereby transfers to the Trustee the sum of One Dollar (\$1.00). The Trustee hereby accepts and agrees to hold, in trust, such sum plus such other cash and/or property as may be contributed by the Grantor in accordance with the provisions of this Trust Agreement. Such cash and/or property shall constitute the trust estate and shall be held, managed and distributed as hereinafter provided. The Grantor shall execute any and all instruments necessary to vest the Trustee with full title to the property hereby transferred.
- (b) FUNDING OF THE TRUST. The Grantor shall contribute to the Trust such amounts as the Board of Directors shall from time to time determine, and at such time or times as the Board of Directors shall determine. Neither Trustee nor any beneficiary shall have any right to compel such contributions.

- (c) SEGREGATION OF TRUST ASSETS. The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of the Grantor and shall be used exclusively for the uses and purposes of the Beneficiaries and general creditors of the Grantor as herein set forth. Beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Beneficiaries against the Grantor. Any assets held by the Trust will be subject to the claims of the Grantor's general creditors under federal and state law in the event of Insolvency, as defined in Section 16.

4. GRANTOR TRUST. The Trust is intended to be a trust of which the Grantor is treated as the owner for federal income tax purposes in accordance with the provisions of Sections 671 through 679 of the Internal Revenue Code of 1986, as amended (the "Code"). If the Trustee, in its sole discretion, deems it necessary or advisable for the Grantor and/or the Trustee to undertake or refrain from undertaking any actions (including, but not limited to, making or refraining from making any elections or filings) in order to ensure that the Grantor is at all times treated as the owner of the Trust for federal income tax purposes, the Grantor and/or the Trustee will undertake or refrain from undertaking (as the case may be) such actions. The Grantor hereby irrevocably authorizes the Trustee to be its attorney-in-fact for the purpose of performing any act which the Trustee, in its sole discretion, deems necessary or advisable in order to accomplish the purposes and the intent of this Section 4. The Trustee shall be fully protected in acting or refraining from acting in accordance with the provisions of this Section 4.

5. IRREVOCABILITY OF TRUST. The Trust shall be irrevocable and may not be amended or terminated by the Grantor in whole or in part; provided, however, that the Trust may be amended with the express written consent of the Beneficiary through a written instrument executed by the Trustee and the Grantor. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan or convert the Trust into a revocable Trust. Except as provided in Section 16, the Grantor shall have no right or power to direct the Trustee to return to the Grantor or to divert to others any of the Trust assets before all payment of Plan benefits have been made to Beneficiaries pursuant to the terms of the Plan.

6. INVESTMENT OF TRUST ASSETS. Until the Trustee has distributed all of the assets of the Trust in accordance with the terms hereof, the Trustee shall hold and invest the trust assets as provided in Section 9. During the term of the Trust, all income

received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

7. DISTRIBUTION OF TRUST ASSETS.

- (a) The Grantor shall, within five business days after the end of each calendar quarter, give written notice to the Beneficiary and the Trustee of the Beneficiary's accrued benefit under the Plan on such last day and, if a method of distribution thereof shall have been determined, such method and the date or dates upon which payments are due to the Beneficiary under the Plan. The Trustee shall be fully protected in relying upon any such notice until a subsequent notice shall have been filed with it, which subsequent notice shall not have been objected to by the Beneficiary.
- (b) The entitlement of a Beneficiary to benefits under the Plan shall be determined by Grantor or such party as it shall designate under the Plan, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan.
- (c) On the fifth business day after each date on which the Beneficiary is entitled to receive a payment under the Plan, the Trustee shall make such payment to the Beneficiary from the Trust; provided, however, that the Trustee shall not make any such payment if the Grantor shall have theretofore given to the Trustee proof, in form and substance satisfactory to the Trustee, that the Grantor has made such payment under the Plan. To the extent that the Trust shall not have sufficient assets to make any such payment, the Trustee shall not be liable to the Beneficiary with respect thereto. Except to the extent that the Trustee shall have actual knowledge to the contrary, the Trustee shall be fully protected in relying upon a written notice from the Beneficiary to the effect that the Beneficiary is entitled to a payment under the Plan and with respect to the amount thereof.
- (d) Notwithstanding any provision of this Trust Agreement to the contrary, the Trustee shall make payments hereunder before such payments are otherwise due if it determines, based on a change in the tax or revenue laws of the United States of America, a published ruling or similar announcement issued by the Internal Revenue Service, a regulation issued by the Secretary of the Treasury or his delegate, a decision by a court of competent jurisdiction involving a Beneficiary, or a closing agreement involving a Beneficiary made under Section 7121 of the Code that is approved by the Commissioner, that a Beneficiary has

recognized or will recognize income for state or federal income tax purposes with respect to amounts that are or will be payable to him under the Plan before they otherwise would be paid to him.

- (e) Unless a Beneficiary furnishes documentation in form and substance satisfactory to the Trustee that no withholding is required with respect to a payment to be made to him from the Trustee, the Trustee may deduct from any such payment any federal, state or local taxes required by law to be withheld by the Trustee.
- (f) The Trustee shall provide the Grantor with written confirmation of the fact and time of any commencement of payments hereunder within 10 business days after any payments commence to a Beneficiary.
- (g) The Trustee shall be fully protected in making or refraining from making any payment or any calculations in accordance with the provisions of this Section 7.
- (h) In the event of the death of a Beneficiary, a condition of the Trustee's obligation to make payment to the executors or administrators of the Beneficiary's estate shall be the delivery to the Trustee of letters testamentary, tax waivers and such other documents as the Trustee may reasonably determine.

8. TERMINATION OF THE TRUST AND REVERSION OF TRUST ASSETS. The Trust shall not terminate until the date on which the Beneficiary is no longer entitled to benefits pursuant to the terms of the Plan. Upon termination of the Trust, any assets remaining in the Trust shall be returned to the Grantor.

Upon written approval of the Beneficiary entitled to payment of benefits pursuant to the terms of the Plan, the Grantor may terminate this Trust prior to the time all benefit payments under the Plan have been made. All assets in the Trust at termination shall be returned to the Grantor.

9. POWERS OF THE TRUSTEE. To carry out the purposes of the Trust and subject to any limitations herein expressed, the Trustee is vested with the following powers until final distribution of the Trust assets, in addition to any powers now or hereafter conferred by law affecting the trust or estate created hereunder. In exercising such powers, the Trustee shall act in a manner reasonable and equitable in view of the interests of the Beneficiary and in a manner in which persons of ordinary prudence, diligence, discretion and judgment would act in the management of their own affairs.

- (a) **RECEIVE AND RETAIN PROPERTY.** To receive and retain any property received at the inception of the Trust or at any other time, whether or not such property is unproductive of income or is property in which the Trustee personally is interested or in which the Trustee owns an undivided interest in any other trust capacity. In no event may the Trustee invest in securities (including stock or rights to acquire stock) or obligations issued by the Grantor, other than a de minimis amount held in common investment vehicles in which the Trustee invests.
- (b) **DISPOSE OF ASSETS.** To dispose of any Trust asset for cash, at public or private sale to satisfy any obligation created under the Plan.
- (c) **POWERS RESPECTING SECURITIES.** To have all the rights, powers, privileges and responsibilities of an owner of securities, including, without limiting the foregoing, the power to vote, to give general or limited proxies, to pay calls, assessments, and other sums; to assent to, or to oppose, corporate sales or other acts; to participate in, or to oppose, any voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations, and, in connection therewith, to give warranties and indemnifications and to deposit securities with and transfer title to any protective or other committee; to exchange, exercise or sell stock subscription or conversion rights; and, regardless of any limitations elsewhere in this instrument relative to investments by the Trustee, to accept and retain as an investment hereunder any securities received through the exercise of any of the foregoing powers. All rights associated with the assets of the Trust shall be exercised by the Trustee or the person designated by the Trustee, and shall in no event be exercisable by or rest with the Beneficiary.
- (d) **ADVANCE MONEY.** To advance money for the protection of the Trust, and for all expenses, losses and liabilities sustained or incurred in the administration of the Trust or because of the holding or ownership of any Trust assets, for which advances, with interest, the Trustee has a lien on the Trust assets as against the Beneficiary and in the event such assets are not sufficient, a lien against the assets of the Grantor, provided, however, that until funding of the Trust as provided in Section 3(b), it is the intention of the Grantor and the Trustee that statements for the costs of administration of the Trust shall be submitted to and paid by the Grantor in the normal course of business.

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- (e) PAY, CONTEST OR SETTLE CLAIMS. To pay, contest, or settle any claim by or against the Trust by compromise, arbitration or otherwise; to release, in whole or in part, any claim belonging to the Trust to the extent that the claim is uncollectible. Notwithstanding the foregoing, the Trustee may pay or settle a claim asserted against the Trust by the Grantor only if it is compelled to do so by a final order of a court of competent jurisdiction.
 - (f) LITIGATE. To prosecute or defend actions, claims or proceedings pertaining to funding of the Trust and the protection of Trust assets and of the Trustee in the performance of its duties.
 - (g) EMPLOY ADVISERS AND AGENTS. To employ persons, corporations or associations, including attorneys, auditors, investment advisers or agents, even if they are associated with the Trustee, to advise or assist the Trustee in the performance of its administrative duties; to act without independent investigation upon such recommendations.
 - (h) USE CUSTODIAN. If no bank or trust company is acting as Trustee hereunder, the Trustee may appoint a bank or trust company to act as custodian (the "Custodian") for securities and any other Trust assets. Any such appointment shall terminate when a bank or trust company begins to serve as the Trustee hereunder. The Custodian shall keep the deposited property, collect and receive the income and principal, and hold, invest, disburse or otherwise dispose of the property or its proceeds (specifically including selling and purchasing securities, and delivering securities sold and receiving securities purchased) upon the order of the Trustee.
 - (i) EXECUTE DOCUMENTS. To execute and deliver all instruments which will accomplish or facilitate the exercise of the powers vested in the Trustee.
 - (j) GRANT OF POWERS LIMITED. Except as otherwise provided in Sections 5 and 16 hereof, the Trustee shall have, without exclusion, all powers conferred on the Trustee by applicable law, unless expressly provided otherwise herein, PROVIDED, HOWEVER, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or under applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom within the meaning of Section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

The Trustee expressly is prohibited from exercising any powers vested in it primarily for the benefit of the Grantor rather than for the benefit of the Beneficiary. The Trustee shall not have the power to purchase, exchange, or otherwise deal with or dispose of the assets of the Trust for less than adequate and full consideration in money or money's worth.

(k) DEPOSIT OR INVEST ASSETS.

- (1) To deposit Trust assets in commercial, savings or savings and loan accounts (including such accounts in a corporate Trustee's banking department) or so called "money market funds" and to keep such portion of the Trust assets in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Trust, without liability for interest thereon.
- (2) To invest Trust assets in investment quality fixed income securities having a Standard & Poors rating of "A" or above.
- (1) COMMINGLING ASSETS. To commingle assets of this Trust with the assets of any other "rabbi" or similar trust set up for the benefit of the Directors of the Grantor.

10. RESIGNATION OR REMOVAL OF TRUSTEE. The Trustee may resign at any time other than following a Change in Control upon six (6) months' prior written notice to the Grantor, or such shorter period as is acceptable to the Grantor. After a Change in Control, the Trustee may resign only under one of the following circumstances:

- (a) The Trustee is no longer in the business, or is actively in the process of removing itself from the business, of acting as trustee for employee benefit plans.
- (b) The Trustee determines that a conflict of interest exists which would prohibit it from fulfilling its duties under this Trust Agreement in an ethically proper manner, and a law firm (appointed by the President of the Bar Association of Toledo, Ohio) concurs with the Trustee.

The Trustee shall use its best efforts to avoid the creation of such a conflict. The decision of such law firm shall be binding, but may be appealed in the same manner, and under the same conditions, as if it were made by an arbitrator.

- (c) The assets of the Trust have been exhausted or are insufficient to pay accrued and reasonably anticipated fees and expenses of the Trustee hereunder, the Grantor has refused voluntarily to pay the Trustee's accrued fees and expenses as required pursuant to Sections 11 and 17(h), and the Trustee has been unsuccessful in obtaining a court order requiring the Grantor to make such payments or has been unable to collect on a judgment for such fees and expenses.

Notwithstanding the above, the Trustee may resign for reasons set forth in (a) or (b) only if it has obtained the agreement of a bank with assets in excess of \$1 billion and net worth in excess of \$100 million to replace it as Trustee under the terms of this Trust Agreement. The law firm decision rendered under (b), if that is the reason for the Trustee's resignation, may expressly excuse the Trustee from this requirement. In any event, the Trustee shall continue to be custodian of the Trust assets until the new Trustee is in place, and the Trustee shall be entitled to expenses and fees through the later of the effective date of its resignation as Trustee and the end of its custodianship of the Trust assets.

The Grantor, by action of the Board of Directors, may, other than after a Change in Control, remove the Trustee, upon 60 days prior written notice to the Trustee, or upon shorter notice if acceptable to the Trustee. The Grantor may not remove the Trustee after a Change in Control. In the event it resigns or is removed, the Trustee shall provide the Grantor with an accounting, as provided in Section 14 hereof.

Each successor trustee shall have the powers and duties conferred upon the Trustee in this Trust Agreement, and the term "Trustee" as used in this Trust Agreement shall be deemed to include any successor Trustee. Upon designation or appointment of a successor trustee, the trustee shall transfer and deliver the Trust to the successor trustee, reserving such sums as the Trustee shall deem necessary to defray its expenses in settling its accounts, to pay any of its compensation due and unpaid and to discharge any obligation of the Trust for which the Trustee may be liable. If the sums so reserved are not sufficient for these purposes, the Trustee shall be entitled to recover the amount of any deficiency from either the Grantor or the successor trustee, or both. When the Trust shall have been transferred and delivered to the successor trustee and an accounting provided in accordance with Section 14 hereof, the Trustee shall be released and discharged from all further accountability or liability for the Trust and

shall not be responsible in any way for the further disposition of the Trust or any part thereof.

11. TRUSTEE'S COMPENSATION. The Trustee shall be entitled to receive as compensation for its services hereunder the compensation as negotiated and agreed to by the Grantor and the Trustee. Such compensation shall be paid by the Grantor.

12. TRUSTEE'S CONSENT TO ACT AND INDEMNIFICATION OF THE TRUSTEE. The Trustee hereby agrees and consents to act as Trustee hereunder. The Grantor agrees to indemnify the Trustee and hold it harmless from and against all claims, liabilities, legal fees and expenses that may be asserted against it, otherwise than on account of the Trustee's own bad faith, gross negligence or willful misconduct (as found by a final judgment of a court of competent jurisdiction) by reason of the Trustee's taking or refraining from taking any action in connection with the Trust, whether or not the Trustee is party to a legal proceeding or otherwise. The Trustee shall carry out the provisions of the Trust Agreement and shall not, in the absence of bad faith, gross negligence or willful misconduct, be responsible or accountable for errors of judgment which result in loss or damage to the Trust fund.

13. PROHIBITION AGAINST ASSIGNMENT. The Beneficiary shall not have any preferred claim on, or any beneficial ownership interest in, any assets of the Trust before such assets are paid to the Beneficiary as provided in Section 7, and all rights of the Beneficiary created under the Trust and the Plan shall be unsecured contractual rights of the Beneficiary against the Grantor. No part of, or claim against, the assets of the Trust may be assigned, anticipated, alienated, encumbered, garnished, attached, or in any other manner disposed of by the Beneficiary, and no such part or claim shall be subject to any legal process or claims of creditors of the Beneficiary.

14. ANNUAL ACCOUNTING. The Trustee shall keep accurate and detailed accounts of all investments, receipts and disbursements and other transactions hereunder, and, within ninety days following the close of each calendar year or the Trustee's resignation, removal or termination of the Trust as provided herein, the Trustee shall render a written account of its administration of the Trust to the Grantor by submitting a record of receipts, investments, disbursements, distributions, gains, losses, assets on hand at the end of the accounting period and other pertinent information, including a description of all securities, investments, and other assets purchased and sold during such calendar year.

15. NOTICES. Any notice of instructions required under any of the provisions of this Trust Agreement shall be deemed effectively given only if such notice is in writing and is delivered personally or by certified or registered mail, return

receipt requested and postage prepaid, addressed to the addresses as set forth below of the parties hereof. The addresses of the parties are as follows:

(i) The Grantor:

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615

(ii) The Trustee:

Society Bank & Trust
P.O. Box 10099
Toledo, Ohio 43699

The Grantor or Trustee may at any time change the addresses to which notices are to be sent to them by giving written notice thereof in the manner provided above.

16. ASSETS SUBJECT TO CREDITORS' CLAIMS. The rights of the Beneficiary hereunder are limited to those rights of a general and unsecured creditor of the Grantor.

Grantor shall be considered "Insolvent" for purposes of this Trust Agreement if (a) Grantor is unable to pay its debts as they mature, or (b) Grantor is subject to a pending proceeding as a debtor under the Bankruptcy Code, 11 U.S.C. Section 101 et. seq.

At all times during the continuance of this Trust, the principal and income of the Trust shall be subject to claims of general creditors of the Grantor as hereinafter set forth; and at any time the Trustee has actual knowledge, or has determined, that Grantor is Insolvent, the Trustee shall deliver any undistributed principal and income in the Trust as a court of competent jurisdiction may direct to satisfy such claims. The Board of Directors and the President of the Grantor shall have the duty to inform the Trustee of the Grantor's Insolvency. If the Grantor or a person claiming to be a creditor of the Grantor alleges in writing to the Trustee that the Grantor has become Insolvent, the Trustee shall independently determine, within thirty (30) days after receipt of such notice, whether the Grantor is Insolvent. Pending such determination, the Trustee shall discontinue any payments of benefits that are provided pursuant to Section 7 hereof, shall hold the Trust assets for the benefit of the Grantor's general creditors, and shall resume payments of benefits that are provided pursuant to Section 7 hereof, only after the Trustee has determined that the Grantor is not Insolvent (or is no longer Insolvent, if the Trustee initially determined the Grantor to be Insolvent). Unless the Trustee has actual knowledge of the Grantor's Insolvency, the Trustee shall have no duty to inquire

whether the Grantor is Insolvent. The Trustee may in all events rely on such evidence concerning the Grantor's solvency as may be furnished to the Trustee that will give the Trustee a reasonable basis for making a determination concerning the Grantor's solvency. Nothing in this Trust Agreement shall in any way diminish any rights of any person having rights with respect to the Plan benefits that are provided pursuant to Section 7 hereof, to pursue his rights as a general creditor of the Grantor with respect to the benefits that are provided pursuant to Section 7 hereof, or otherwise.

If the Trustee discontinues payment of the benefits that are provided pursuant to Section 7 hereof from the Trust pursuant to this Section 16 and subsequently resumes such payments, the first payment following such discontinuance shall include (c) the aggregate amount of all payments that would have been made during the period of discontinuance, less (d) the aggregate amount of payments made by the Grantor in lieu of the payments provided for hereunder during any such period of discontinuance.

17. MISCELLANEOUS PROVISIONS.

- (a) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Ohio applicable to contracts made and to be performed therein and the Trustee shall not be required to account in any court other than one of the courts of that state.
- (b) All section headings herein have been inserted for convenience of reference only and shall in no way modify, restrict or affect the meaning or interpretation of any of the terms or provisions of this Trust Agreement.
- (c) This Trust Agreement is intended as a complete and exclusive statement of the agreement of the parties hereto, supersedes all previous agreements or understandings among them and may not be modified or terminated orally.
- (d) The term "Trustee" shall include any successor Trustee.
- (e) If the Trustee or Custodian hereunder is a bank or trust company, any corporation resulting from any merger, consolidation or conversion to which such bank or trust company may be a party, or any corporation otherwise succeeding generally to all or substantially all of the assets or business of such bank or trust company, shall be the successor to it as Trustee or Custodian hereunder, as the case may be, without the execution of any instrument or any further action on the part of any party hereto.

- (f) If any provision of this Trust Agreement shall be invalid and unenforceable, the remaining provisions hereof shall subsist and be carried into effect.
- (g) This Trust Agreement shall be binding upon and inure to the benefit of the Grantor and any successor of the Grantor, including, without limitation, any corporation or corporations acquiring, directly or indirectly, 50% or more of the outstanding securities of the Grantor, or all or substantially all of the assets of the Grantor, whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed embraced within the term the "Grantor" for the purposes of this Trust Agreement), but shall not otherwise be assignable by the Grantor.
- (h) Any and all taxes, expenses, and costs of litigation relating to or concerning the adoption, administration and termination of the Trust shall be borne and promptly paid by the Grantor; provided, however, that, to the extent such taxes, expenses and costs relating to the Trust are due and owing and are not paid by the Grantor, and do not in the aggregate exceed \$100, they shall be charged against and paid from the Trust, and the Grantor shall reimburse the Trust for any such payment made from the Trust within 30 days of the Grantor's receipt of written notice from the Trustee that such payment was made.
- (i) Whenever used herein, and to the extent appropriate, the masculine, feminine or neuter gender shall include the other two genders, the singular shall include the plural and the plural shall include the singular.

IN WITNESS WHEREOF, the parties hereto have executed this TRUST AGREEMENT as of this 18th day of October, 1993.

Attest:	GRANTOR:
Mark A. Smith, Jr.	DANA CORPORATION

BY: Martin J. Strobel

TITLE:VP - General Counsel &

Secretary

Attest:

Laurie Edmondson

Naomi V. Venia

Trustee:

Philip H. Wolf,

Philip H. Wolf, Vice President

William J. Blosky

William J. Blosky, Assistant Vice President

DANA CORPORATION SUPPLEMENTAL BENEFITS PLAN
ARTICLE I
DEFINITIONS

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

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

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

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

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

1.3. "Change in Control" means a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 as in effect 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 Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities or (b) during any period of 24 consecutive months, commencing before or after the effective date of this Plan, individuals who at the beginning of such twenty-four month period were directors of the Company cease for any reason to constitute at least a majority of the Board of Directors of the Company. Notwithstanding anything to the contrary in this Plan, the term "person" referred to in clause (a) above of this Section 1.3 shall not include within its meaning, and shall not be deemed to include, for any purpose of this Plan, any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company.

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

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

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

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

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

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

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

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

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

(b) bonuses and incentive payments paid (or that would have been paid, but for a deferral arrangement) to the Employee during any 3 calendar years out of the last 10 calendar years of active employment with the Company prior to retirement in which such sum was the highest, divided by 36.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II
PURPOSE OF THE PLAN

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

ARTICLE III
ELIGIBILITY

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

ARTICLE IV
BENEFITS

4.1. BASIC BENEFITS.

(a) An Employee who, on or after September 1, 1988, retires from active employment with the Company on or after

his 65th birthday, shall be entitled to receive a lump sum benefit that is the actuarial equivalent (determined in accordance with Section 4.2 hereof) of a monthly supplemental benefit equal to the excess (if any) of

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

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

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

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

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

(B) a Temporary Retirement Benefit equal to the Employee's Primary Social Security Benefit, reduced, if applicable, by the actual amount of any unreduced Social Security benefit paid to the Employee, payable through the month in which the Employee attains age 62, provided that if the Employee has less than 25 years of Credited Service, the Temporary Retirement Benefit shall be prorated based on the proportion of 25 years of Credited Service that has been credited to the Employee at the time of his retirement; and provided further that

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

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

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

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

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

over

(ii) the sum of the monthly benefits he is entitled to receive from all Company-sponsored, funded, defined benefit pension plans and the Excess Plan, determined in each case on the basis of the assumption that the Employee's benefits

under such plans are paid in the form of a single life annuity for the life of the Employee, commencing as of the Employee's date of retirement under the Pension Plan.

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

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

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

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

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

(a) the total lump sum amount that is actuarially equivalent to the monthly supplemental benefit prescribed by Section 4.1(a)(i) or Section 4.1(b)(i), whichever is applicable, calculated on the basis of an interest rate equal to 85% of a composite insurance company annuity rate provided by an actuary designated by the Plan Administrator (and provided by such actuary as of the last month of the calendar year next preceding the calendar year in which the distribution is made), subject to the condition that the interest rate in effect for any such year may not differ from the rate in effect for the

prior year by more than one-half of one percent, and also subject to the condition that any such rate shall be rounded to the nearest one-tenth of one percent (and if such rate is equidistant between the next highest and next lowest one-tenth of one percent, rounded to the next lowest one-tenth of one percent), and on the basis of the applicable mortality assumption for males under the 1971 Group Annuity Mortality Table, over

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

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

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

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

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

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

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

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

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determined on the Net Specified Rate basis if this benefit payment is being made due to a subsequent Change in Control; otherwise, the Specified Rate shall be used.

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

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

ARTICLE V
AMENDMENT, TERMINATION AND INTERPRETATION

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

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

conclusive and binding upon the persons who have or who claim to have any interest in or under the Plan.

SECOND AMENDMENT TO
DANA CORPORATION 1989 RESTRICTED STOCK PLAN

Pursuant to Resolutions of the Board of Directors of the Corporation adopted on October 18, 1993, Section 6(b) of the 1989 Restricted Stock Plan is hereby amended by adding the following sentence at the end thereof:

The Committee may also, in its discretion, with the consent of the affected Participant, lengthen the Restricted Period with respect to all or any portion of the Restricted Stock previously granted to such Participant and, in order to secure such consent, the Committee may grant additional shares of Restricted Stock to each such Participant.

IN WITNESS WHEREOF, the undersigned has executed this Second Amendment on behalf of the Corporation this 18th day of October, 1993.

DANA CORPORATION

By: Martin J. Strobel

ATTEST:

Mark A. Smith, Jr.

Introduction to Financial Section

Dear Investors and Shareholders:

As we began the '90s, the North American economies and the vehicular markets were in a major downturn and we were experiencing serious economic business downturns in Brazil, the United Kingdom and Australia. Dana's people were asked to reach deep into their leadership skills and take actions to strengthen their operations and they really responded. As a result, many programs were initiated and much has been accomplished. New products were developed, manufacturing processes upgraded, markets expanded, and general cost structures improved. These cost reduction programs and the increasing sales volumes are now providing stronger margins and cash flow. These results combined with outstanding asset management efforts have provided funds for new technologies and equipment. In addition, surplus funds from operations have been used to reduce borrowings and strengthen Dana's balance sheet. All of these actions have contributed to the improvements in Dana's financial performance.

As we have stated before, the Dana Style encourages participation, ideas, and decisions from every employee and gives Dana a competitive advantage. Explaining the Dana Style is sometimes difficult but the results of how it works is clearly and easily defined by the financial performances of our operations. There is no question that the improvements of the past few years were a direct result of the teamwork, trust, and commitment of the Dana people. They accepted the challenge of a rapidly changing global market and began to build a stronger Dana.

For these reasons we emphasize to our people that they should never underestimate the power of their decisions... nor the significance of their contributions as they relate to the overall success of Dana. We remind them in our meetings that their ideas, their determination to improve and succeed, their willingness to reach further and set new standards, these are the things which define and distinguish the Dana Style.

Dana's annual sales and financial performance will be impacted from time to time by the normal economic cycles but we have aggressively expanded our global capacity and strengthened our balance sheet the past few years. We firmly believe our people are building a strong global base for future growth. As you review these financial statements, it is important that investors and shareholders recognize the significant influence the Dana Style has on the long-term success of their investment in Dana. The global competition is tough, problems will arise, mistakes will be made, but Dana's people are committed to being successful and will respond with solid ideas and strong actions as they continue to find a better way in 1994 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, 1993.

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 judgment 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/ Robert C. Richter

Robert C. Richter
Vice President-Administration and Corporate Controller

REPORT OF INDEPENDENT ACCOUNTANTS

Price Waterhouse

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 34, present fairly, in all material respects, the financial position of Dana Corporation and its subsidiaries at December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, 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, 27, and 29, the Company changed its method of accounting for inventories, postretirement benefits other than pensions, and income taxes effective January 1, 1992 and for postemployment benefits effective January 1, 1993.

/s/ Price Waterhouse

Toledo, Ohio
February 13, 1994

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	
	1992	1993
ASSETS		
Cash	\$41.7	\$49.5
Marketable securities, at cost which approximates market	33.7	28.1
Accounts receivable, less allowance for doubtful accounts of \$17.4--1992 and \$16.8--1993	711.1	790.5
Inventories		
Raw materials	133.6	141.8
Work in process and finished goods	498.7	508.1
Total inventories	632.3	649.9
Lease financing	797.7	849.3
Investments and other assets	812.9	846.3
Deferred income tax benefits	200.6	276.2
property, plant and equipment, net	1,112.9	1,142.1
Total Assets	\$4,342.9	\$4,631.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt	\$395.7	\$ 474.1
Accounts payable	260.9	310.6
Other liabilities	503.0	684.7
Deferred employee benefits	880.4	1,011.5
Long-term debt	1,467.0	1,207.4
Total Liabilities	3,507.0	3,688.3
Minority interest in consolidated subsidiaries	128.9	142.2
Shareholders' Equity		
Common stock, \$1 par value, 120.0 shares authorized; shares issued, 64.4--1992 and 67.7--1993	64.4	67.7
Additional paid-in capital	522.1	628.3
Retained earnings	803.4	809.2
Treasury stock, at cost: 18.5 shares--1992 and 1993	(611.0)	(611.3)
Deferred translation adjustments	(71.9)	(92.5)
Total shareholders' Equity	707.0	801.4
Total Liabilities and shareholders' Equity	\$4,342.9	\$4,631.9

Statement of Income
 \$ in millions except per share amounts
 Dana Corporation

	Year Ended December 31		
	1991	1992	1993
Net sales	\$4,398.2	\$4,872.2	\$5,460.1
Revenue from Financial Holdings and other income	192.8	163.9	127.4
Foreign currency adjustments	(18.8)	(24.9)	(24.2)
	4,572.2	5,011.2	5,563.3
Costs and expenses			
Cost of sales	3,823.6	4,235.3	4,636.0
Restructuring charges	18.3	46.7	39.5
Selling, general and administrative expenses	571.1	534.8	522.6
Interest expense	200.2	168.1	137.3
	4,613.2	4,984.9	5,335.4
Income (loss) before income taxes	(41.0)	26.3	227.9
Estimated taxes on income	(17.2)	(2.1)	89.6
Income (loss) before minority interest and equity in earnings of affiliates	(23.8)	28.4	138.3
Minority interest in net income of consolidated subsidiaries	(4.0)	(16.5)	(26.2)
Equity in earnings of affiliates	41.3	31.2	16.4
Income before effects of changes in accounting principles	13.5	43.1	128.5
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)	\$ 13.5	\$ (382.0)	\$ 79.6
Net income per common share before effects of changes in accounting principles	\$ 0.33	\$ 0.98	\$ 2.78
Effect on prior years of the change in accounting for:			
Inventories		.29	
Postretirement benefits other than pensions		(9.97)	
Postemployment benefits			(1.06)
Net income (loss) per common share	\$ 0.33	\$ (8.70)	\$ 1.72
Cash dividends declared and paid per common share	\$ 1.60	\$ 1.60	\$ 1.60

Statement of Cash Flows
 \$ in millions
 Dana Corporation

	Year Ended December 31		
	1991	1992	1993
Net cash flows from operating activities	\$275.3	\$247.3	\$484.6
Cash flows from investing activities:			
Purchases of property, plant and equipment	(150.2)	(113.9)	(177.9)
Purchases of assets for leveraged leases	(59.2)	(416.8)	(611.9)
Purchases of assets to be leased	(231.8)	(203.7)	(234.4)
Acquisitions, additions to investments and other assets	(36.6)	(51.0)	(76.9)
Loans made to customers and partnership affiliates	(37.5)	(18.2)	(22.8)
Purchases of investment securities	(83.6)	(218.6)	(8.3)
Payments received on leases	204.4	218.5	211.4
Proceeds from sales of certain assets and subsidiaries	81.4	104.8	73.5
Proceeds from sales of leased assets	63.2	50.0	33.0
Payments received on loans	27.0	18.5	18.3
Proceeds from sales of investment securities	260.0	47.2	10.5
Other	15.6	(18.0)	18.3
Net cash flows--investing activities	52.7	(601.2)	(767.2)
Cash flows from financing activities:			
Net change in short-term debt	(345.0)	(38.0)	41.5
Issuance of long-term debt	404.8	346.8	578.3
Issuance of non-recourse debt	46.9	362.6	548.0
Payments on long-term debt	(347.6)	(414.3)	(776.2)
Payments on non-recourse debt	(36.5)	(29.1)	(47.3)
Dividends paid	(65.7)	(69.8)	(73.8)
Issuance of common stock		189.1	
Other	2.8	8.8	14.3
Net cash flows--financing activities	(340.3)	356.1	284.8
Net increase (decrease) in cash and cash equivalents	\$(12.3)	\$2.2	\$2.2
Reconciliation of net income (loss) to net cash flows from operating activities:			
Net income (loss)	\$13.5	\$(382.0)	\$79.6
Noncash items included in income:			
Effect on prior years of the change in accounting for:			
Inventories		(12.9)	
Postretirement benefits other than pensions		438.0	
Postemployment benefits			48.9
Depreciation and amortization	192.6	191.6	195.7
Unremitted earnings of affiliates	(26.0)	3.9	(1.9)
Deferred income taxes	(20.3)	(.3)	31.1
Minority interest	4.0	4.6	13.4
Change in accounts receivable	9.5	(31.4)	(98.7)
Change in inventories	87.0	(2.3)	8.9
Change in other operating assets	(8.3)	12.0	(27.7)
Change in operating liabilities	(1.9)	.3	211.9
Additions to lease and loan loss reserves and adjustment of real estate to net realizable value	47.4	42.5	23.3
Other	(22.2)	(16.7)	.1
Net cash flows from operating activities	\$275.3	\$247.3	\$484.6

Statement of Shareholders' Equity
 \$ in millions except share and per share amounts
 Dana Corporation

	Common Stock	Additional Paid-in Capital	Retained Earnings	Common Stock Held in Treasury	Deferred Pension and Translation Adjustments	Shareholders' Equity
Balance at December 31, 1990	\$59.5	\$327.7	\$1,307.4	\$(611.5)	\$(34.5)	\$1,048.6
Net income for the year			13.5			13.5
Cash dividends declared (\$1.60 per share)			(65.7)			(65.7)
Issuance of shares for employee stock plans	.1	2.1		.6		2.8
Deferred translation adjustments					(22.3)	(22.3)
Deferred pension expense adjustments					11.8	11.8
Cost of shares reacquired (1,795)				(.1)		(.1)
Balance at December 31, 1991	59.6	329.8	1,255.2	(611.0)	(45.0)	988.6
Net loss for the year			(382.0)			(382.0)
Cash dividends declared (\$1.60 per share)			(69.8)			(69.8)
Issuance of common shares	4.5	184.6				189.1
Issuance of shares for employee stock plans	.3	7.7		1.0		9.0
Deferred translation adjustments					(26.9)	(26.9)
Cost of shares reacquired (26,248)				(1.0)		(1.0)
Balance at December 31, 1992	64.4	522.1	803.4	(611.0)	(71.9)	707.0
Net income for the year			79.6			79.6
Cash dividends declared (\$1.60 per share)			(73.8)			(73.8)
Issuance of shares for employee stock plans	.4	14.2		1.5		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 (34,123)				(1.8)		(1.8)
Balance at December 31, 1993	\$67.7	\$628.3	\$809.2	\$(611.3)	\$(92.5)	\$801.4

Comments on Financial Statements
 \$ in millions except share and per share amounts
 Dana Corporation

COMMON SHARES

In June 1992, Dana sold 4,543,800 shares of common stock through a public offering. proceeds to the Company were approximately \$189.1 which were used primarily to retire debt.

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, 1993, 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 \$100, one 1/100th 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 \$.05 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 41,085,556 in 1991, 43,896,063 in 1992 and 46,266,469 in 1993. 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 domestic 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 financial 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 affiliates are recorded in Dana's consolidated 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.

STOCK PURCHASE PLAN

All full-time domestic and certain non-domestic 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 Company match toward those shares will depend

on the period of time that the shares have been in the plan. Dana's contributions under the plan, which were charged to expense, amounted to \$2.2 in 1991, \$3.3 in 1992 and \$4.1 in 1993.

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 and stock appreciation rights transactions for the years ended December 31, 1992 and 1993:

	Number of shares	Per share option price
Outstanding at December 31, 1991	1,534,282	\$17.10-46.88
Granted --1992	618,950	40.31
Exercised --1992	(300,209)	17.10-42.13
Cancelled --1992	(84,784)	17.10-46.88

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
	=====	
Exercisable at December 31, 1993	774,723	
	=====	

At December 31, 1993, there were 3,291,278 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 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 for the exercise of 10,500 shares at \$48.50 per share. At December 31, 1993, no stock options were exercisable and there were 54,500 shares available for future grant.

MEDICAL CARE AND OTHER BENEFITS

Dana and certain of its subsidiaries provide medical and life insurance benefits for certain of its 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.

In January 1993, Dana announced the adoption of Statement of Financial Accounting standards (SFAs) No. 106, "Employers' Accounting for post-retirement 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 (\$9.97 per share). In addition, 1992 net income was reduced by \$24.0 (\$.55 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.

Net annual postretirement benefit cost is computed as follows:

	Year Ended December 31	
	1992	1993
Service cost	\$16.2	\$ 11.2
Interest cost	65.3	59.1
Net amortization and deferral	(3.9)	(14.0)
Net annual postretirement benefit cost	\$77.6	\$56.3

Postretirement benefit obligations, none of which are funded, are summarized as follows:

	December 31	
	1992	1993
Accumulated postretirement benefit obligations:		
Retirees and dependents	\$443.1	\$521.5
Active participants eligible to retire and receive benefits	109.9	116.9
Active participants not yet fully eligible	180.1	186.8
Total accumulated postretirement benefit obligation	733.1	825.2
Unamortized plan amendments	122.8	108.2
Unamortized net losses	(41.1)	(96.9)
Accrued postretirement benefits other than pensions	\$814.8	\$836.5

The discount rate used in determining the accumulated postretirement benefit obligation was 8.5% in 1992 and 7.5% in 1993. The assumed medical costs trend rates result in per capita net incurred medical claims increasing 11.4% under age 65 and 9.7% 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, 1993 would increase by \$70.5 and the aggregate of the service and interest cost components of the net annual postretirement benefit cost would be increased by \$6.5.

Benefit plan changes enacted during 1992, including cost sharing and benefit limitations, reduced Dana's postretirement benefit expense for 1993.

In the fourth quarter of 1993, the Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits", effective January 1, 1993. This statement requires companies to recognize the cost of benefits provided to former or inactive employees after employment but before retirement when it is probable that a benefit will be provided and the amount is reasonably determinable. Such benefits include disability, supplemental unemployment and workers' compensation benefits. Dana formerly charged the cost of providing certain of these benefits against operations as claims were incurred. The effect of adopting SFAS No. 112 in 1993 resulted in a \$48.9 after-tax charge to income (\$1.06 per share).

SALE OF SUBSIDIARY

On December 27, 1990, Dana announced its intention to sell Diamond Savings and Loan Company (DSL), a wholly-owned subsidiary of DFHI. DSL was included in investments held for sale at December 31, 1991 and was valued at net book value at measurement date plus capital contributed in 1991. In October 1992, Dana sold the business and a majority of the assets, liabilities and offices of DSL and its mortgage banking business, resulting in an after-tax gain of \$3.5 (\$.08 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 at December 31, 1992 and 1993. Under the terms of the sale agreement, the buyer has the option to return to DFHI up to \$50.0 of commercial real estate loans if it adversely classifies those loans prior to April 16, 1994. At December 31, 1993, approximately \$16.8 of this option remained unexercised.

ADDITIONAL COMPENSATION PLANS

Dana has numerous additional compensation plans, including gain sharing, Scanlon 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 \$60.8, \$74.7 and \$81.1 in 1991, 1992 and 1993, respectively.

Under the Additional Compensation Plan, in which certain officers and other key employees participate, annual incentive compensation is accrued and paid based on the achievement of pre-set corporate performance objectives. 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) \$1.3 in 1991, \$-0- in 1992 and \$4.2 in 1993; 26,497, 15,823 and 10,202 shares of Dana's common stock held in treasury were issued and amounts equivalent to dividends and interest of \$.4, \$.3 and \$.4 were credited to deferred awards in 1991, 1992 and 1993, respectively. Total charges (credits) to expense relating to the plan amounted to \$(1.0) in 1991, \$5.1 in 1992 and \$5.6 in 1993. At December 31, 1993, 42,121 common shares held in treasury were reserved for issuance under this plan.

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. In 1991, no shares were granted, in 1992, 16,000 shares were granted and in 1993, 29,174 shares were granted under the provisions of this plan. During 1992, 10,000 shares were forfeited based upon the provisions of this plan. Total charges to expense for this plan amounted to \$.6, \$.7 and \$.6 in 1991, 1992 and 1993, respectively. At December 31, 1993, 379,026 shares were authorized for future issuance under this plan.

ACQUISITIONS

During 1992, Dana acquired substantially all of the business and a majority of the assets of Krizman, Inc. and Delta Automotive, Inc., which are engaged primarily in automotive aftermarket parts manufacturing and distribution.

In 1993, Dana acquired Reinz-Dichtungs GmbH, Hugo Reinz GmbH, Europe+cas 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.

Results of operations of these companies prior to acquisition were not material to the consolidated financial statements.

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 \$61.1 in 1991, \$56.0 in 1992 and \$60.3 in 1993.

Net periodic pension cost for defined benefit plans is computed as follows:

	Year Ended December 31		
	1991	1992	1993
Service cost	\$29.4	\$30.6	\$ 31.3
Interest cost	97.4	100.4	105.1
Actual return on plan assets	(326.6)	(70.6)	(219.9)
Amortization of unrecognized prior service cost	12.3	13.1	16.0
Amortization of initial unrecognized net obligation	7.4	6.0	6.2
Unrecognized gain (loss)	237.0	(28.3)	117.7
Net periodic pension cost	\$56.9	\$51.2	\$56.4

The funded status of defined benefit plans at December 31, 1992 was as follows:

	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Total
Actuarial present value of:			
Vested benefits	\$655.9	\$508.0	\$1,163.9
Non-vested benefits	50.4	9.8	60.2
Accumulated benefit obligation	\$706.3	\$517.8	\$1,224.1
Actuarial present value of projected benefit obligation	\$(713.9)	\$(568.0)	\$(1,281.9)
Plan assets at fair value	661.7	663.7	1,325.4
Funded status at December 31, 1992	\$(52.2)	\$95.7	\$43.5
Unrecognized prior service cost	\$(35.7)	\$(28.8)	\$(64.5)
Unrecognized net gain	59.8	86.8	146.6
Prepaid pension cost	5.3	4.6	9.9
Unrecognized initial obligation	(81.6)	33.1	(48.5)
	\$(52.2)	\$95.7	\$43.5

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 at December 31, 1993	\$(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
=====			

	1992		1993	
	Domestic	International	Domestic	International
Expected long-term rate of return on plan assets	8.75%	8%-9%	7.75%	8%-9%
Discount rate	8.25%	7%-9%	7.25%	7%-9%
Rate of increase in future compensation levels	6%	4%-7.5%	5%	4%-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	
	1992	1993
Postretirement other than pension	\$814.8	\$836.5
Postemployment		85.8
Pension	58.3	80.5
Compensation	7.3	8.7

	\$880.4	\$1,011.5
=====		

INTERNATIONAL OPERATIONS

Local currencies are used as the functional currencies except in highly inflationary countries such as Brazil. The following is a summary of the significant financial information of Dana's consolidated international subsidiaries:

	1991	December 31 1992	1993
Assets	\$994.2	\$987.9	\$1,167.9
Liabilities	447.4	424.5	577.4
Net sales	1,205.5	1,301.2	1,327.8
Net income (including trans- lation losses of \$18.8 in 1991, \$24.2 in 1992 and \$24.0 in 1993)	1.7	29.0	49.3
Dana's equity in--			
Net assets	428.1	434.8	448.7
Net income (loss)	(1.7)	13.4	23.1

Dana's historical cost investment in these international subsidiaries was \$239.3 at December 31, 1993.

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 following is a summary of the significant financial information of affiliated companies accounted for on the equity method:

	1991	December 31 1992	1993
Current assets	\$443.2	\$452.8	\$629.0
Other assets	364.0	298.0	323.4
Current liabilities	264.2	338.9	577.7
Other liabilities	208.3	165.9	147.5
Shareholders' equity	334.7	246.0	227.2
Net sales	1,066.9	1,042.5	972.0
Gross profit	231.6	219.7	193.0
Net income	79.5	81.8	39.6
Dana's equity in--			
Net assets	135.6	101.4	111.5
Net income	33.3	26.6	13.2

Cumulative undistributed earnings of international subsidiaries for which U.S. income taxes, exclusive of foreign tax credits, have not been provided approximated \$301.3 at December 31, 1993. 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 1993, a significant amount of the additional tax provision would have been offset by foreign tax credits.

INVESTMENTS IN PARTNERSHIPS

Certain of DFHI's subsidiaries have a number of domestic 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:

	1991	December 31 1992	1993
Assets	\$167.3	\$967.6	\$956.8
Liabilities	96.3	729.2	733.1
Partners' capital	71.0	238.4	223.7
Revenue	71.2	67.7	115.4
Net income	5.8	6.2	6.8
Dana's share in:			
Net assets	56.5	96.1	80.0
Net income	6.9	3.8	3.2

SHORT-TERM DEBT

Short-term funds for certain domestic and international operations are obtained through issuance of commercial paper, short term notes payable to banks and bank overdrafts.

At December 31, 1993, Dana had no commercial paper outstanding. Dana Credit Corporation (DCC), a wholly-owned subsidiary of DFHI, had commercial paper issued in the amount of \$136.7 at December 31, 1993. Dana and DCC have committed commercial paper back-up lines of credit in the amount of \$355.0 and \$250.0, respectively, with various domestic and international banks. Compensating balances and commitment fees are not material and no borrowings were made against these committed commercial paper back-up lines of credit in 1993.

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 \$61.2 and \$15.0, respectively, against their committed bank borrowing lines at December 31, 1993. DCC and DFHI had committed bank borrowing lines of \$92.0 and \$85.0, respectively, at December 31, 1993.

At December 31, 1993, Dana, DCC and DFHI had borrowings against their uncommitted bank lines in the amounts of \$60.2, \$86.0 and \$20.0, respectively, for domestic operations. Dana, including its international subsidiaries, had borrowings of \$95.0 for international operations against these lines at December 31, 1993. Dana, DCC and DFHI had uncommitted bank lines for both domestic and international borrowings in the amount of \$752.0, \$225.0 and \$50.0, respectively, for which no compensating balances or commitment fees are required.

During 1991, through a securities lending agreement, DCC borrowed \$181.0 (face amount) of U.S. Treasury Notes from a syndicate of bank investors. Concurrent with the borrowing, DCC sold such securities at their then current market rate. Under the terms of the securities lending agreement, DCC was obligated to pay the coupon rate of interest and applicable lending fee to the bank investors. These payments, net of premium amortization, resulted in an effective interest cost of 74%. In May 1992, DCC repaid the securities lending obligation by returning \$181.0 (face amount) of U.S. Treasury Notes to the bank investors.

Selected details of short-term borrowings are as follows:

	Amount	Weighted average interest rate
Balance at December 31, 1992	\$395.7	5.2%
Average during 1992	430.1	5.6%
Maximum during 1992 (month end)	629.6	5.8%
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%

Interest rate swap agreements are utilized by DCC to mitigate exposure to interest rate increases on short-term borrowings. Under these agreements, DCC receives variable rate-based payments in return for the payment of specified fixed rates, thereby effectively converting a notional amount of short-term variable rate borrowings into fixed rate debt over the life of the agreement. At December 31, 1993, domestic and international swap agreements with notional Principal of \$123.5 establish effective fixed rates of 6.68%-8.85% maturing 1994-2000.

\$ in millions except per share amounts
Dana Corporation

RESTRUCTURING CHARGES

Restructuring charges reflect the abandonment, consolidation or relocation of operations pursuant to management's ongoing evaluation of the Company's business to identify non-strategic and under-performing assets. These charges include the estimated costs of employee benefits, losses on disposal of assets and other costs incidental to the restructuring actions.

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	
	1992	1993
First mortgage loans-- business properties	\$ 91.9	\$ 57.4
Financing to partnership affiliates	9.8	28.4
First mortgage loans-- residential properties	15.6	13.1
Revolving loans secured by accounts receivable and inventory	10.7	6.5
Other loans	20.2	29.7
	148.2	135.1
Less: Allowance for loan losses	26.8	14.5
	\$121.4	\$120.6

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 as rentals become receivable according to the provisions of the leases.

Lease financing consisted of the following components:

	December 31	
	1992	1993
Direct financing leases	\$594.4	\$574.0
Leveraged leases	224.7	283.7
Property on operating leases, net of accumulated depreciation	19.7	29.9
Allowance for credit losses	(41.1)	(38.3)
	\$797.7	\$849.3

The components of the net investment in direct financing leases are as follows:

	December 31	
	1992	1993
Total minimum lease payments receivable	\$657.5	\$622.7
Residual values	85.7	83.2
Deferred initial direct costs	9.3	9.3
	752.5	715.2
Less: Unearned income	158.1	141.2
	\$594.4	\$574.0

The following is a schedule by year of minimum future rentals on direct financing leases as of December 31, 1993:

Year ending December 31:	
1994	\$263.0
1995	156.6
1996	85.6
1997	40.9
1998	20.5
Later Years	56.1
Total minimum future rentals	\$622.7

The components of the net investment in leveraged leases are as follows:

	December 31	
	1992	1993
Rentals receivable	\$1,911.3	\$2,884.3
Residual values	164.4	252.2
Non-recourse debt service	(1,476.0)	(2,401.4)
Unearned income	(360.0)	(439.4)
Deferred investment tax credits	(15.0)	(12.0)
	224.7	283.7
Less: Deferred taxes arising from leveraged leases	110.8	119.0
	\$113.9	\$164.7

ALLOWANCE FOR LOSSES ON LEASE FINANCING AND LOANS RECEIVABLE

Provisions for losses on lease financing and loans receivable are determined on the basis of loss experience and assessment of prospective risk. Resulting adjustments to the allowances for losses are made to adjust the net investment in lease financing and loans to their estimated collectible amounts. Income recognition is generally discontinued on lease and loan 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	
	1992	1993
Investments at equity	\$219.8	\$194.4
Goodwill	182.4	168.0
Real estate and development property	104.9	92.2
Intangible pension assets	56.7	80.1
Loans receivable	121.4	120.6
Other	127.7	191.0
	\$812.9	\$846.3

QUARTERLY EVENTS

During the first quarter of 1991, net income was increased by \$10.3 (\$.25 per share) due to the sale of certain subsidiaries of DFHI. In addition, net income was reduced by \$4.0 (\$.09 per share) in the first quarter of 1991 due to increases in reserves relating to Dana's leasing operations.

During the second quarter of 1991, net income was increased by \$5.9 (\$.14 per share) due to the sale of a subsidiary.

During the third quarter of 1991, net income was increased by \$8.2 (\$.20 per share) due to the sale of investments.

\$in millions except per share amounts
Dana Corporation

QUARTERLY EVENTS (Cont'd.)

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 (\$.31 per share). In addition, during the first quarter of 1992, net income was increased by \$5.0 (\$.12 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 (\$.44 per share).

During the second quarter of 1992, net income was increased by \$4.0 (\$.09 per share) due to the sale of an investment.

During the fourth quarter of 1992, net income was increased by \$3.5 (\$.08 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's third quarter 1993 net income included approximately \$3.0 (\$.07 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.

REAL ESTATE AND DEVELOPMENT PROPERTY

Real estate and development property consists of office and commercial buildings, multi-family dwellings and single family lot sites. Projects under development are valued at the lower of cost or net realizable value. Real estate held for future development and sale is carried at the lower of cost or estimated net realizable value. Estimated net realizable value is defined as the estimated selling price a property will bring if exposed for sale in the open market, allowing a reasonable time to find a purchaser, reduced by the estimated cost to complete and improve the property to the condition used in determining the estimated selling price, and the estimated costs to dispose of the property. The calculations of estimated net realizable value contemplate development and sale of the projects in the ordinary course of business and not on an immediate liquidation basis.

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 1991 include the borrowing of U.S. Treasury Notes having a face amount of \$181.0 and the concurrent recognition of a securities lending obligation. During 1992, the U.S. Treasury Notes were returned to satisfy the securities lending obligation. During 1993, holders of 57/8% debentures converted their debentures into shares of Dana common stock resulting in a noncash increase to shareholders' equity of \$94.9.

ESTIMATED INCOME TAXES

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.

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.

Income tax expense (benefit) consisted of the following components:

	Year Ended December 31, 1991			Total
	U.S. Federal	International	State & Local	
Current	\$20.2	\$(4.5)	\$(.3)	\$15.4
Deferred	(30.2)	(2.4)		(32.6)
	-----	-----	-----	-----
	\$(10.0)	\$(6.9)	\$(.3)	\$(17.2)

	U.S. Federal	International	State & Local	Total
Current	\$47.2	\$9.1	\$11.2	\$67.5
Deferred	(69.7)	.1		(69.6)
-	-----	-----	-----	-----
	\$ (22.5)	\$9.2	\$11.2	\$ (2.1)
	=====	=====	=====	=====

	Year Ended December 31, 1993			Total
	U.S. Federal	International	State & Local	
Current	\$57.2	\$ 14.2	\$26.5	\$97.9
Deferred	(6.6)	(1.7)		(8.3)
-	-----	-----	-----	-----
	\$50.6	\$12.5	\$26.5	\$89.6
	=====	=====	=====	=====

ESTIMATED INCOME TAXES (Cont'd.)

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 tax laws and regulations. Deferred tax liabilities (assets) are comprised of the following:

	1991	December 31 1992	1993
Depreciation--non-leasing	\$107.8	\$108.9	\$100.1
Leasing activities	202.2	177.0	179.5
Pension prepayments	29.9	14.7	.9
Other	28.4	29.8	16.7
Deferred tax liabilities	368.3	330.4	297.2
Postretirement benefits other than pensions		(352.7)	(367.2)
Postemployment benefits			(36.9)
Expense accruals	(67.3)	(53.0)	(90.0)
Inventory reserves	(13.7)	(6.8)	(1.1)
Restructuring charges	(24.7)	(44.9)	(36.8)
Other	(6.3)	(16.6)	(22.8)
Deferred tax assets	(112.0)	(474.0)	(554.8)
Alternative minimum tax recoverable	(60.7)	(57.0)	(18.6)
	\$195.6	\$(200.6)	\$(276.2)

The Company expects to realize the deferred tax assets in the future, accordingly, no valuation allowance has been recorded. Alternative minimum tax of \$18.6 at December 31, 1993 is available to offset future regular income tax liability and has no expiration date. Income taxes paid during 1991, 1992 and 1993 amounted to \$33.3, \$50.5 and \$46.2, respectively.

The effective tax rates differ from the U.S. Federal income tax rate for the following reasons:

	1991		Year Ended December 31 1992		1993	
	Amount	% of pretax loss	Amount	% of pretax income	Amount	% of pretax income
Computed "expected" tax expense	\$(13.9)	(34.0)%	\$8.9	34.0%	\$79.8	35.0%
Increases (reductions) in taxes resulting from:						
International income	8.1	19.8	2.6	9.8	(2.8)	(1.2)
Capital loss carryforward	(10.7)	(26.0)	(10.7)	(40.6)		
Investment tax credits	(3.4)	(8.3)	(2.6)	(9.9)	(1.6)	(.7)
Amortization of goodwill	2.6	6.4	2.7	10.2	2.9	1.2
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	(.3)	(.7)	7.4	27.9	17.2	7.6
Miscellaneous items	.4	.8	(1.7)	(6.5)	(.7)	(.3)
Estimated taxes on income	\$(17.2)	(42.0)%	\$(2.1)	(8.0)%	\$89.6	39.3%

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. The fair values may not represent actual values of the financial instruments that could have been realized or that will be realized in the future.

The estimated fair values of Dana's financial instruments are as follows:

	December 31			
	1992		1993	
	Carrying Amount	Fair Value	Carrying Amount	Fair value
Financial assets				
Cash and marketable securities	\$75.4	\$75.4	\$77.6	\$77.6
Investment securities	42.0	42.4	29.8	30.0
Loans receivable	148.2		135.1	
Less: Allowance for loan losses	26.8		14.5	
Net loans	121.4	107.7	120.6	120.1
Financial liabilities				
Short-term debt	395.7	395.7	474.1	474.1
Long-term debt	1,467.0	1,671.3	1,207.4	1,247.1
Security deposits--leases	25.9	23.5	21.5	20.3
Deferred funding commitments under leveraged leases	9.9	10.2	7.6	7.9
Unrecognized financial instruments				
Interest rate swaps:				
Payable position		17.9		21.2

BUSINESS SEGMENTS

Dana operates principally in three business segments: vehicular, Industrial and Financial Holdings. 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 Financial Holdings segment consists of DFHI which includes leasing companies and real estate development and management companies.

Financial Holdings 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 Financial Holdings).

The "Other International" geographic area comprises primarily 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 \$407.6 in 1991, \$418.9 in 1992 and \$385.4 in 1993. Total export sales (including sales to Dana's international subsidiaries which are eliminated for financial statement presentation) were \$500.0, \$555.2 and \$526.2 in 1991, 1992 and 1993, respectively.

Worldwide sales to Ford Motor Company and subsidiaries amounted to \$676.9, \$824.1, and \$963.7 in 1991, 1992 and 1993, respectively, which represented 15%, 17% and 18% of Dana's consolidated sales. Worldwide sales to Chrysler Corporation and subsidiaries in 1991, 1992 and 1993 amounted to \$351.7, \$454.3 and \$605.9, respectively, representing 8%, 9% and 11% of Dana's consolidated sales. Sales to Ford and Chrysler were primarily from the 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:

	Year Ended December 31, 1991			Consolidated
	Vehicular	Industrial	Financial Holdings	
Sales to customers	\$3,466.0	\$918.6	\$ 13.6	\$4,398.2
Financial Holdings revenue			167.6	167.6
Total revenue	\$3,466.0	\$918.6	\$ 181.2	\$4,565.8
Operating income (loss)	\$ 157.0	\$ 10.4	\$ (17.3)	\$ 150.1
Other income				25.3
Other expense				(216.4)
Loss before income taxes				\$ (41.0)
Assets identified to segments	\$1,388.7	\$518.2	\$1,325.8	\$3,232.7
Corporate assets				946.6
Total assets				\$4,179.3
Depreciation	\$ 108.3	\$ 35.3	\$ 6.7	
Capital expenditures	\$ 116.9	\$ 31.0	\$ 1.9	
	Year Ended December 31, 1992			
Sales to customers	\$3,923.2	\$940.0	\$ 9.0	\$4,872.2
Financial Holdings 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	\$ 110.6	\$ 34.1	\$ 4.6	
Capital expenditures	\$ 86.3	\$ 20.6	\$ 3.0	
	Year Ended December 31, 1993			
Sales to customers	\$4,499.8	\$957.1	\$ 3.2	\$5,460.1
Financial Holdings 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	\$ 111.7	\$ 28.8	\$ 3.6	
Capital expenditures	\$ 144.3	\$ 32.0	\$ 2.2	

Comments on Financial Statements
\$in millions
Dana Corporation

BUSINESS SEGMENTS (Cont'd.)

Financial information concerning operations by principal geographic area is as follows:

Year Ended December 31, 1991					
	United States	Europe	Other International	Adjustments and Eliminations	Consolidated
Sales to customers	\$3,192.7	\$587.4	\$618.1		\$4,398.2
Financial Holdings revenue	152.6	7.1	7.9		167.6
Interarea transfers	92.5	2.5	62.1	\$(157.1)	
	\$3,437.8	\$597.0	\$688.1	\$(157.1)	\$4,565.8
Operating income	\$ 129.9	\$ 11.3	\$ 8.9		\$ 150.1
Other income	25.3				25.3
Other expense	(187.2)	(10.8)	(18.4)		(216.4)
Income (loss) before income taxes	\$ (32.0)	\$.5	\$ (9.5)		\$ (41.0)
Assets identified	\$2,541.8	\$274.2	\$416.7		\$3,232.7
Corporate assets	613.1	104.5	229.0		946.6
Total assets	\$3,154.9	\$378.7	\$645.7		\$4,179.3
Year Ended December 31, 1992					
Sales to customers	\$3,571.0	\$586.2	\$715.0		\$4,872.2
Financial Holdings 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
Financial Holdings 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

\$ in millions
Dana Corporation

SIGNIFICANT SUBSIDIARY

DFHI is a wholly-owned financial subsidiary which includes leasing companies and real estate development and management companies. 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 results of operations is as follows:

	December 31	
	1992	1993
Assets		
Cash	\$ 12.7	\$ 10.5
Loans receivable	121.4	120.6
Lease financing	851.3	901.5
Other assets	286.2	277.7
Total Assets	\$1,271.6	\$1,310.3
Liabilities and Shareholder's Equity		
Notes payable	\$ 879.3	\$ 867.5
Other liabilities	289.0	347.8
Shareholder's equity	103.3	95.0
Total Liabilities and Shareholder's Equity	\$1,271.6	\$1,310.3

	Year Ended December 31		
	1991	1992	1993
Revenue from products and services	\$222.7	\$185.1	\$156.8
Interest expense	91.3	71.8	56.8
Cost of sales	19.5	11.9	3.3
General and administrative expenses	129.2	123.7	92.7
	240.0	207.4	152.8
Income (loss) before income taxes	(17.3)	(22.3)	4.0
Estimated income tax benefits (provision)	20.4	28.5	(.3)
Income before equity in earnings of affiliates	3.1	6.2	3.7
Equity in earnings of affiliates	6.9	3.9	3.2
Net income	\$ 10.0	\$ 10.1	\$ 6.9

LIQUIDITY AND CAPITAL RESOURCES

Capital spending for property, plant and equipment increased from \$114 in 1992 to \$178 in 1993. This higher level of spending reflects a response to increased worldwide demand for Dana products and the Company's commitment to continuous improvement in productivity and product quality. Capital expenditures in 1994 are budgeted at approximately \$250, the majority of which was uncommitted at December 31, 1993.

Dana Corporation and its consolidated subsidiaries' year end short-term debt totaled \$474 in 1993, up from \$396 in 1992 due to the replacement of certain long-term financing with short-term debt. Domestic and international consolidated short-term borrowings averaged \$340 at an average interest rate of 4.6% during 1993, compared to \$430 at 5.6% during 1992. Dana, excluding financial service subsidiaries Diamond Financial Holdings, Inc. (DFHI) and Dana Credit Corporation (DCC), funds its corporate short-term debt through the issuance of commercial paper and bank borrowings. To cover short-term working capital requirements, Dana had \$355 in committed credit facilities to back up commercial paper issuance and \$752 in uncommitted lines available for bank borrowings. At December 31, 1993, Dana's domestic and international short-term borrowings were \$155, as compared to \$114 at year end 1992. DFHI funds short-term debt through bank borrowings. DFHI had bank lines totaling \$135 at December 31, 1993, and \$35 was borrowed against these lines. DCC funds domestic and international debt through commercial paper and bank borrowings. DCC had committed commercial paper back-up lines amounting to \$250 and uncommitted bank borrowing lines of \$225. At December 31, 1993, DCC and its subsidiaries had a short-term debt position of \$284, up from \$222 at year-end 1992 due in large part to an international subsidiary replacing long-term financing with short-term debt in 1993.

The Company's consolidated long-term debt decreased from \$1,470 in 1992 to \$1,210 in 1993. In December, 1993, most of Dana's 57/8% debentures were converted to Dana common stock, reducing debt approximately \$87. In addition, the remaining \$100 principal amount outstanding of the 8 3/8% notes and the \$72 principal amount outstanding of the 8 7/8% debentures, were redeemed in 1993. A portion of the redeemed debt was replaced by short and medium term notes with banks. During 1993, DCC obtained financing as part of a lease securitization facility in which certain lease receivables were transferred to a third-party investor as support for the financing received. At DCC's option, the securitized borrowings can be repaid at any time.

Dana's management and legal counsel have reviewed the legal proceedings to which the Company and its subsidiaries were parties as of December 31, 1993 (including, among others, those involving product liability claims and alleged violations of environmental laws) and concluded that any liabilities that may result from these proceedings are not likely to have a material effect on the Company's liquidity, financial condition or results of operations. In connection with product liability and environmental claims, the Company has estimated its gross liability to be \$111 and has accrued \$51, net of probable recoveries of \$60. It is not anticipated that the timing of the cash flows for these liabilities will have a material effect on the liquidity of the Company.

Dana anticipates that net cash flows from operating activities, along with available short-term and medium-term financing capabilities, will be sufficient to meet its needs for 1994.

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 original equipment and distribution markets of North and South America, with the largest increases occurring in the Company's light truck original equipment 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 original equipment portion of this market (i.e. equipment for pickup trucks, vans, minivans 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 in 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 Financial Holdings 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 Financial Holdings 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 Financial Holdings segment, partially offset by increases attributable to acquisitions and improved business levels in North and South America. SG&A as a percent of sales (excluding Financial Holdings) improved to 8.2% in 1993 from 8.8% 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.

Dana expects the market for its vehicular products to remain strong for the near term, as the original equipment manufacturers attempt to meet the high demand for new vehicles in North and South America. The current economic slow down in Europe is projected to extend into 1994. The Company will continue to monitor the allocation of its assets to achieve further growth in all of its global markets.

RESULTS OF OPERATIONS 1992 VS 1991

Total sales in 1992 were \$4,872 compared to \$4,398 in 1991, an increase of \$474 or 11%. Vehicular OEM and distribution sales were \$3,923, an increase of \$457 or 13% from 1991. Industrial sales were \$940, an increase of \$21 or 2% from 1991. The sales increases were primarily due to increased unit volumes in Dana's North American Vehicular component business, with the largest increase occurring in the Company's light truck OEM sales. Total consolidated sales include international sales of \$1,301, which increased \$96 or 8% from 1991. Canada experienced solid sales gains over 1991 levels.

Revenue from Financial Holdings and other income decreased \$29 in 1992 to \$164. 1992 revenues included lower lease financing and interest income and approximately \$7 in gains on sales of investments, while 1991 revenues included \$10 in gains on sales of DFHI subsidiaries, a \$6 gain on the sale of a Dana subsidiary and \$8 in gains on the sale of investments.

Operating income for 1992 was \$264, an increase of \$114 or 76% from 1991. Operating income in the Vehicular segment increased \$95 or 60%, and operating income in the Industrial segment increased \$24. Higher unit sales due to a recovering vehicle market in North America (especially light truck), combined with continued cost control efforts, contributed to the increase in Vehicular operating income. The increase in operating income in the Industrial segment was primarily due to productivity improvements and an improvement in margins in Brazil, offset by continued weakness in Europe. The operating loss in the Financial Holdings segment increased to \$22 in 1992 compared to an operating loss of \$17 in 1991. The loss in 1992 was primarily due to reduced leasing activity and continued emphasis on increasing overall asset quality.

Dana's international operations had operating income of \$73 in 1992, an increase of \$53 from 1991. This increase was primarily due to a significant improvement in Dana's Canadian and South American operations.

Equity in earnings of affiliates decreased from \$41 in 1991 to \$31 in 1992, primarily due to losses at Dana's Korean affiliate, which were partially offset by increased earnings from the Company's affiliate in Mexico. Foreign currency adjustments charged to earnings increased from \$19 in 1991 to \$25 in 1992, virtually all of which related to Dana's Brazilian operations.

Selling, general and administrative expenses were \$535 in 1992, a decrease of \$36 or 6% from 1991. This decrease was due primarily to the change in accounting for inventories (see page 27), which resulted in certain general and administrative costs being included in cost of sales. Interest expense decreased to \$168 in 1992 from \$200 in 1991, primarily due to lower debt levels and slightly lower rates.

Taxes on income were a \$2 credit in 1992, compared to a \$17 credit in 1991. 1992 benefitted from the utilization of capital loss carryforwards, while 1991's credit Provision was primarily due to a pre-tax operating loss.

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 1992. At December 31, 1993, the closing price of Dana common stock was \$59 7/8.

QUARTER ENDED	Stock Price						Cash Dividends Declared and Paid	
	HI	1992 LO	CLOSE	HI	1993 LO	CLOSE	1992	1993
March 31	\$40 3/4	\$26 3/4	\$39 3/4	\$49 5/8	\$44	\$46 7/8	\$.40	\$.40
June 30	44 1/2	37 1/8	43 5/8	54 1/4	45 1/4	54 1/4	.40	.40
September 30	43 7/8	35 3/4	38 5/8	58 1/4	51 1/2	57 3/4	.40	.40
December 31	48 1/4	35 1/4	47	60 1/4	53	59 7/8	.40	.40

UNAUDITED QUARTERLY FINANCIAL INFORMATION

QUARTER ENDED	Net Sales	Gross profit		Net Income (loss)		Net Income (loss) per share		
		Reported	Restated	Reported	Restated	Reported	Restated	
For the year ended								
December 31, 1991								
March 31	\$1,051	\$153		\$2.1		\$.05		
June 30	1,134	147		4.6		.11		
September 30	1,075	143		5.0		.12		
December 31	1,138	132		1.8		.05		
For the year ended								
December 31, 1992								
March 31	\$1,186	\$171	\$148	\$14.4	\$(429.6)	\$.35	\$(10.43)	
June 30	1,240	189	166	19.7	13.7	.46	.32	
September 30	1,187	186	163	18.4	12.4	.40	.27	
December 31	1,259	160		21.5		.47		
FOR THE YEAR ENDED								
DECEMBER 31, 1993								
MARCH 31	\$1,324	\$188		\$23.5	\$ (25.4)	\$.51	\$ (.55)	
JUNE 30	1,418	217		36.6		.80		
SEPTEMBER 30	1,291	196		33.3		.72		
DECEMBER 31	1,427	223		35.1		.75		

During the first quarter of 1991, net income was increased by \$10.3 (\$.25 per share) due to the sale of certain subsidiaries of DFHI. In addition, net income was reduced by \$4.0 (\$.09 per share) in the first quarter of 1991 due to increases in reserves relating to Dana's leasing operations.

During the second quarter of 1991, net income was increased by \$5.9 (\$.14 per share) due to the sale of a subsidiary.

During the third quarter of 1991, net income was increased by \$8.2 (\$.20 per share) due to the sale of investments.

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 (\$.31 per share). In addition, during the first quarter of 1992, net income was increased by \$5.0 (\$.12 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 (\$.44 per share).

During the second quarter of 1992, net income was increased by \$4.0 (\$.09 per share) due to the sale of an investment.

During the fourth quarter of 1992, net income was increased by \$3.5 (\$.08 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's third quarter 1993 net income included approximately \$3.0 (\$.07 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	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Net Sales	\$2,894	\$3,649	\$3,797	\$3,738	\$4,180	\$4,936	\$4,865	\$4,952	\$4,398	\$4,872	\$5,460
Net Income (Loss)	113	191	165	84	142	162	132	76	13	(382)	80
Net Income (Loss) per Common Share	2.04	3.40	2.95	1.63	3.24	3.99	3.24	1.85	.33	(8.70)	1.72
Dividends Declared per Common Share	1.08	1.20	1.28	1.28	1.40	1.54	1.60	1.60	1.60	1.60	1.60
Total Assets	3,334	3,778	4,174	4,578	4,914	4,786	5,225	4,513	4,179	4,343	4,632
Long-Term Debt	476	580	663	1,027	1,322	1,324	1,522	1,486	1,541	1,467	1,207

DANA CORPORATION
Subsidiaries
as of February 17, 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
Reinz Wisconsin Gasket Co.	Delaware
Results Unlimited, Inc.	Delaware
Warner Sensors Corporation	Delaware
Undercar International, Inc.	Delaware
Krizman International, Inc.	Delaware
Summit Fidelity Insurance Agency, Inc.	Michigan
Diamond Financial Holdings, Inc.	Delaware
Admiral's Harbour, Inc.	Ohio
Summey Building Systems, Inc.	North Carolina
PRO-DEL Properties, Inc.	North Carolina
Dana Credit Corporation	Delaware
Dana Commercial Credit Corporation	Delaware
DCC Franchise Services, Inc.	Delaware
Dana Business Credit Corp.	Delaware
Dana Commercial Finance Corporation	Delaware
Dana Fleet Leasing, Inc.	Delaware
Camotop Corporation	Delaware
Camotop One Corporation	Delaware
Camotop Two Corporation	Delaware
Potomac Leasing Company	Delaware
Leasing International Corporation	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
Leased Equipment, Inc.	Delaware
Lease Recovery, Inc.	Delaware
DCC Vendercom, Inc.	Delaware
Isom & Associates, Inc.	Delaware
REBAC, Inc.	Delaware
REED, Inc.	Delaware
DCC Servicing, Inc.	Delaware

Name	Jurisdiction
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CCD Air Ten, Inc.	Delaware
CCD Air Eleven, Inc.	Delaware
CCD Air Twelve, Inc.	Delaware
CCD Air Thirteen, Inc.	Delaware
CCD Air Fourteen, Inc.	Delaware
CCD Air Fifteen, Inc.	Delaware
CCD Air Sixteen, Inc.	Delaware
CCD Air Seventeen, Inc.	Delaware
CCD Air Eighteen, Inc.	Delaware
CCD Air Nineteen, 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 Air Forty-Five, Inc.	Delaware
CCD Rail Two, Inc.	Delaware
RETRAM, Inc.	Delaware
REFIRST, Inc.	Delaware
Dana Lease Finance Corporation	Delaware
Dana Leasing, Inc.	Delaware
XYZ Leasing, Inc.	Michigan
FDC Finance, Inc.	Minnesota
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
RECONN, Inc.	Delaware
DCC Spacecom Two, Inc.	Delaware
JVQ Capital One, Inc.	Delaware
REVA, Inc.	Delaware
DCC Vendorcom, Inc.	Delaware
DDC Air Forty-Three, Inc.	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
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
Brittania Properties	Florida
Dana Risk Management Services, Inc.	Ohio
Ottawa Properties, Inc.	Michigan
Findlay Properties, Inc.	Ohio
Glendale Investment Company	Ohio
Dana Venture Capital Corporation	Ohio

EXHIBIT 21 (continued)

Name - - - - -	Jurisdiction - - - - -
Hayes-Dana Inc.	Canada
Hayes-Dana (Quebec), Inc.	Canada
St. Catharines Financial Inc.	Canada
Dana Commercial Credit, Canada Inc.	Canada
Air Refiner (Canada) Ltd.	Canada
Dana Japan, Ltd.	Japan
Nippon Reinz Co. Ltd.	Japan
Dantean Co., Ltd	Thailand
Dana Asia (Thailand) Ltd.	Thailand
Spicer Asia (Thailand) Ltd.	Thailand
Dana Industrial Co., Ltd.	Thailand
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
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
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 Aerospace Centre Management Limited	United Kingdom
Farnborough Airport Properties Company	United Kingdom

Name - - - - -	Jurisdiction -----
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
Superior Electric S.A.R.L.	France
Dana Finance S.A.	France
Warner Electric SPA	Italy
Spicer Italia s.r.l.	Italy
Dana Italia SPA	Italy
Warner Electric Ltd.	Spain
Spicer Espana, S.A.	Spain
Dana Equipamientos SA	Spain
Industrias Seloc-Juntas Reinz SA	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
ATV-Antriebstechnik Vertriebes-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 GmbH	Fed. Republic of Germany
Euro Reinz GmbH	Fed. Republic of Germany
Hugo Reinz GmbH	Fed. Republic of Germany
Reinz Dichtungs 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 Privada	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

EXHIBIT 21 (continued)

Name - - - - -	Jurisdiction -----
Tecnologia de Moción Controlada S.A. de C.V. Transeje, SA de C.V.	Mexico Mexico
UBALI S.A.	Uruguay
E. Daneri, I.C.S.A. Aros Daneri, S.A. Danargen, S.A.I.C.	Argentina Argentina Argentina
Dana Asia Pacific (Malaysia) Sdn. Bhd.	Malaysia
Dana Asia (Korea) Co., Ltd	Korea
Industria De Ejes y Transmisiones S.A. Transejes C.D. Ltda. Transpart Ltda. Transcar Ltda. Transmotor Ltda.	Colombia Columbia Columbia Columbia Columbia
Spicer India Limited	India

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 13, 1994 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 15 of this Form 10-K.

/s/ PRICE WATERHOUSE

Toledo, Ohio
March 14, 1994

POWER OF ATTORNEY

The undersigned directors and/or officers of DANA CORPORATION do 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 following documents in their names, places and stead, in their capacity as directors and/or officers of said Corporation, and to file the same with the Securities and Exchange Commission on behalf of the Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended:

- (i) the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, including any and all amendments thereto, and
- (ii) the Corporation's Registration Statement to be filed on Form S-8, pursuant to which shares of the Corporation's Common Stock are to be offered under the Corporation's 1993 Stock Option Plan, including any and all amendments or post-effective amendments thereto, and
- (b) any and all amendments or post-effective amendments to the Corporation's Registration Statement No. 33-64198 on Form S-8, pursuant to which shares of the Corporation's Common Stock are offered under the Corporation's 1977 Incentive Stock Option Plan, 1982 Amended Stock Option Plan, Directors' Stock Option Plan, Employees' Stock Purchase Plan, Additional Compensation Plan, and Director Deferred Fee Plan.

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 13th day of December, 1993.

/s/ B. F. Bailar

B. F. Bailar

/s/ J. D. Stevenson

J. D. Stevenson

/s/ E. M. Carpenter

E. M. Carpenter

/s/ T. B. Sumner

T. B. Sumner

/s/ M. A. DiFederico

M. A. DiFederico

/s/ James E. Ayers

J. E. Ayers

/s/ Roger T. Fridholm

R. T. Fridholm

/s/ C. W. Hinde

C. W. Hinde

/s/ G. H. Hiner

G. H. Hiner

/s/ S. A. Griffin

S. A. Griffin

/s/ S. J. Morcott

S. J. Morcott

/s/ M. J. Strobel

M. J. Strobel

/s/ O. A. Singletary

O. A. Singletary