

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 1996 Commission
File Number 1-1063

Dana Corporation

(Exact Name of Registrant as Specified in its Charter)

Virginia

34-4361040

(State or other jurisdiction
of incorporation or organization)

(IRS Employer
Identification Number)

4500 Dorr Street, Toledo, Ohio

43615

(Address of Principal Executive Offices)

(Zip Code)

(419) 535-4500

(Registrant's telephone number, including area code)

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

Yes X No

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

Class	Outstanding at March 31, 1996
Common stock, \$1 par value	101,635,040

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES
INDEX

	Page Number -----
Cover	1
Index	2
Part I. Financial Information	
Item 1. Financial Statements	
Condensed Balance Sheet December 31, 1995 and March 31, 1996	3
Statement of Income Three Months Ended March 31, 1995 and 1996	4
Condensed Statement of Cash Flows Three Months Ended March 31, 1995 and 1996	5
Notes to Condensed Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7 - 10
Part II. Other Information	
Item 1. Legal Proceedings	11 - 12
Item 2. Changes in Securities	12
Item 4. Submission of Matters to a Vote of Security Holders	13
Item 6. Exhibits and Reports on Form 8-K	13
Signatures	14
Exhibit Index	15

PART I. FINANCIAL INFORMATION

ITEM 1.

DANA CORPORATION

CONDENSED BALANCE SHEET (Unaudited)

(in Millions)

Assets -----	December 31, 1995 -----	March 31, 1996 -----
Cash and Marketable Securities	\$ 66.6	\$ 45.4
Accounts Receivable	1,081.6	1,223.3
Inventories		
Raw Materials	230.1	242.2
Work in Process and Finished Goods	644.7	633.9
Lease Financing	1,004.9	1,034.1
Investments and Other Assets	1,016.7	1,002.3
Property, Plant and Equipment	3,337.3	3,416.0
Less: Accumulated Depreciation	1,687.8	1,712.7
	-----	-----
Total Assets	\$ 5,694.1 =====	\$ 5,884.5 =====
Liabilities and Shareholders' Equity -----		
Accounts Payable and Other Liabilities	\$ 1,173.0	\$ 1,242.8
Short-Term Debt	791.4	891.0
Long-Term Debt	1,315.1	1,286.9
Deferred Employee Benefits	1,096.2	1,089.1
Minority Interest	153.8	160.5
Shareholders' Equity	1,164.6	1,214.2
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 5,694.1 =====	\$ 5,884.5 =====

ITEM 1. (Continued)

DANA CORPORATION

STATEMENT OF INCOME (Unaudited)

(in Millions Except Per Share Amounts)

	Three Months Ended March 31	
	1995	1996
	-----	-----
Net Sales	\$ 1,924.4	\$ 1,972.7
Revenue from Lease Financing and Other Income	47.6	63.5
	-----	-----
	1,972.0	2,036.2
	-----	-----
Cost of Sales	1,634.2	1,677.3
Selling, General and Administrative Expenses	162.9	181.8
Interest Expense	33.1	38.5
	-----	-----
	1,830.2	1,897.6
	-----	-----
Income Before Income Taxes	141.8	138.6
Estimated Taxes on Income	(58.5)	(54.0)
Minority Interest	(9.4)	(8.0)
Equity in Earnings (Losses) of Affiliates	(14.7)	2.1
	-----	-----
Net Income	\$ 59.2	\$ 78.7
	=====	=====
Net Income Per Common Share	\$.59	\$.78
	=====	=====
Dividends Declared and Paid per Common Share	\$.21	\$.23
	=====	=====
Average Number of Shares Outstanding	101.2	101.6

ITEM 1. (Continued)

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

	Three Months Ended March 31	
	-----	-----
	1995	1996
	----	----
Net Income	\$ 59.2	\$ 78.7
Depreciation and Amortization	57.7	64.9
Working Capital Change and Other	(94.0)	(70.7)
	-----	-----
Net Cash Flows from Operating Activities	22.9	72.9
	-----	-----
Purchases of Property, Plant and Equipment	(79.0)	(68.9)
Purchases of Assets to be Leased	(63.2)	(121.5)
Payments Received on Leases and Loans	71.8	81.3
Purchase of Minority Interest of Hayes-Dana, Inc.	(52.2)	
Other	0.6	(28.4)
	-----	-----
Net Cash Flows-Investing Activities	(122.0)	(137.5)
	-----	-----
Net Change in Short-Term Debt	55.8	93.7
Proceeds from Long-Term Debt	133.6	100.5
Payments on Long-Term Debt	(86.6)	(129.3)
Dividends Paid	(21.2)	(23.4)
Other	0.8	1.9
	-----	-----
Net Cash Flows-Financing Activities	82.4	43.4
	-----	-----
Net Change in Cash and Cash Equivalents	\$ (16.7)	\$ (21.2)
Cash and Cash Equivalents-beginning of year	112.2	66.6
	-----	-----
Cash and Cash Equivalents-end of period	\$ 95.5	\$ 45.4
	=====	=====

ITEM 1 (Continued)

NOTES TO CONDENSED FINANCIAL STATEMENTS

(in Millions Except Per Share Amounts)

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

DANA CREDIT CORPORATION

	Three Months Ended March 31	
	1995	1996
	-----	-----
Revenue	\$ 50.8	\$ 60.0
Net Income	5.0	7.5
	December 31, 1995	March 31, 1996
	-----	-----
Total Assets	\$ 1,469.8	\$ 1,478.8
Total Liabilities	1,364.6	1,366.6
	-----	-----
Shareholder's Equity	\$ 105.2	\$ 112.2
	=====	=====

3. In the first quarter of 1995, Dana recorded a non-operating charge of approximately \$18 (17 cents per share) for its proportionate share of translation losses incurred by its Mexican affiliate, Spicer S.A. de C.V., due to the devaluation of the Mexican peso.
4. In the first quarter of 1995, Dana made a tender offer for all of the outstanding shares of Hayes-Dana, Inc. that it did not own. At March 31, 1995, Dana had increased its ownership in Hayes-Dana from 57 percent to 83 percent.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF

 FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

(in Millions)

Capital expenditures supporting Dana's current and long-term growth amounted to \$69 in the first quarter of 1996 compared to \$79 in the first quarter of 1995. Projected capital spending is approximately \$330 for 1996, down from \$440 in 1995 and about equal to the \$337 spent in 1994.

Dana Corporation and its consolidated subsidiaries (Dana) supplement internal cash flow with the issuance of short and long-term debt. Total consolidated debt as of March 31 was up \$71 over year end 1995 debt of \$2,107. Dana, excluding Dana Credit Corporation (DCC), had short-term debt outstanding of \$442 at March 31 against various borrowing lines of \$1.4 billion. Up from \$334 at year end 1995, the increase in short-term debt is mainly due to higher working capital requirements and the maturities of Dana's long-term debt during the first quarter. DCC had short-term debt outstanding of \$449 at March 31 against borrowing lines in excess of \$800. DCC's short-term debt decreased \$8 from its 1995 year end position of \$457. Dana's consolidated long-term debt decreased to \$1,287 at March 31 from \$1,315 at year end 1995. Dana's, excluding DCC's, first quarter long-term debt was \$688, down from \$714 at December 31, 1995. DCC's long-term debt was \$599, about even with year end 1995 debt of \$601.

Dana's management and legal counsel have reviewed the legal proceedings to which the Company and its subsidiaries were parties as of March 31, 1996 (including, among others, those involving product liability claims and alleged violations of environmental laws) and concluded that neither the liabilities that may result from these legal proceedings nor the timing of the cash flows for these liabilities are likely to have a material adverse effect on the Company's liquidity, financial condition or results of operations. The Company estimates its contingent environmental and product liabilities based upon the most probable method of remediation or outcome considering currently enacted laws and regulations and existing technology. Measurement of liabilities is made on an undiscounted basis and excludes the effects of inflation and other societal and economic factors. In those cases where there is a range of equally probable remediation methods or outcomes, the Company accrues at the lower end of the range, which at March 31, 1996, was \$70 for product liability costs (products) and \$54 for environmental liability costs (environmental), compared to \$73 for products and \$49 for environmental at December 31, 1995. The difference between minimum and maximum contingent liabilities, while not considered material, was \$4 for products and \$2 for environmental at March 31, 1996, compared to \$4 for products and \$3 for environmental at December 31, 1995. Probable recoveries of \$42 for products and \$14 for environmental from insurance or third parties have been recorded as assets at March 31, 1996, compared to \$43 for products and \$10 for environmental at December 31, 1995.

ITEM 2. Liquidity and Capital Resources (continued)

(in Millions)

The Company is also a defendant in a lawsuit, described in Part II, Item 1 of this report, brought by the Department of Justice alleging that a former operation, which was a subsidiary of a company purchased by Dana in 1985, had overcharged the U.S. government on contracts or subcontracts awarded during the late 1970s and the 1980s. The complaint, amended in July 1995, sought common law relief as well as statutory civil penalties and damages in an unspecified amount. In September 1995, Dana and the Department of Justice settled all claims relating to 16 government contracts included in the complaint without any finding of liability or admission of wrongdoing by Dana, and Dana paid the government \$19.5, which included payment for the government's alleged damages, interest, and costs of investigation and litigation. The Company had previously reserved for this settlement and the payment did not have a material adverse effect on its liquidity and financial condition. The Company reached a tentative agreement with the Department of Justice to settle the remaining litigation claims. Based on this agreement, the amount of \$9.9 (\$5.8 after-tax) was charged to expense in the fourth quarter of 1995. The tentative settlement is subject to further governmental approvals. Discussions about various issues relating to the settlement are continuing.

Dana anticipates that net cash flows from operating activities, along with currently available financing sources, will be sufficient to meet the Company's funding requirements for 1996.

ITEM 2. (Continued)

Results of Operations (First Quarter 1996 vs First Quarter 1995)

(in Millions)

1ST QTR SALES	1995	1996	% CHANGE
U.S.	1,458	1,435	-2%
International	466	538	15%
Total	1,924	1,973	3%

Dana's worldwide sales in the first quarter of 1996 increased 3% over a record 1995 first quarter.

Sales from Dana's international operations increased 15% over 1995, primarily due to the contribution of recent European acquisitions. U.S. sales

decreased 2% as medium and heavy truck production fell below 1995's record build levels. The 17-day strike at General Motors (Dana's third-largest customer) also impacted sales as certain Dana operations closed for a short period during the quarter. These decreases were partially offset as sales to the

1ST QTR SALES BY REGION	1995	1996	% CHANGE
North America	1,572	1,530	-3%
Europe	197	285	45%
South America	113	113	-0%
Asia Pacific	42	45	7%

U.S. OE light truck/sport utility vehicle market increased 4% over an exceptional 1995 first quarter due to unit volume increases.

The Company reported a record first quarter profit of \$79, a 33% increase over 1995 (which included an \$18 after tax non-operating charge for translation losses incurred as a result of the devaluation of the Mexican peso).

Revenue from lease financing and other income increased \$16 in the first quarter 1996. Lease related revenue was up \$8, primarily due to higher average asset levels at DCC. Gains on sales of fixed assets and investments contributed \$5 of the increase.

Dana's gross margin for the first quarter was 15.0%, compared to 15.1% for 1995. The overall margins of U.S. operations increased slightly in 1996, while those of international operations were lower, principally due to the Company's operations in South America.

Selling, general and administrative expenses (S,G&A) increased \$19 or 12% in 1996. The increase is primarily due to newly acquired operations, higher DCC expenses due to increased asset levels, increased costs associated with the re-engineering of information systems and certain one-time corporate office charges.

Interest expense increased \$5, as the financing of capital expenditures, lease financing assets, acquisitions and working capital needs resulted in higher average debt levels.

The effective tax rate for the first quarter of 1996 was 39% compared to 41% in 1995. The U.S. state and local effective rate was lower in 1996, as was the rate for the Company's Brazilian operations.

Equity in earnings (losses) of affiliates increased \$17 in 1996, primarily due to the \$18 charge against earnings for the devaluation of the Mexican peso in 1995.

ITEM 2. (Continued)

Results of Operations (First Quarter 1996 vs First Quarter 1995)

(in Millions)

Production of U.S. light trucks and sport utility vehicles in 1996 are expected to continue their current trend of performing at close to 1995's levels. U.S. medium and heavy truck production is anticipated to be below 1995 levels. The U.S. vehicular parts aftermarket is forecast to be slightly stronger than in 1995. Overall, Dana's U.S. sales for the first half of 1996 are anticipated to be about equal to 1995. International sales are expected to increase as the Company continues to implement its global growth strategy through select acquisitions and expansion of its core products worldwide.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

- - - - -

The Company and its consolidated subsidiaries are parties to various pending judicial and administrative proceedings arising in the ordinary course of business. The Company's management and legal counsel have reviewed the probable outcome of these proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the Company's insurance coverage, and the Company's established reserves for uninsured liabilities. While the outcome of the pending proceedings cannot be predicted with certainty, based on its review, management believes that any liabilities that may result are not reasonably likely to have a material effect on the Company's liquidity, financial condition or results of operations.

Under the rules of the Securities and Exchange Commission, certain environmental proceedings are not deemed to be ordinary routine proceedings incidental to the Company's business and are required to be reported in the Company's annual and/or quarterly reports. The Company is a party to the following such proceedings, all of which have been reported previously:

1. IN THE MATTER OF DANA CORPORATION-VICTOR PRODUCTS DIVISION AND BRC RUBBER GROUP. In an administrative proceeding commenced in 1990, the United States Environmental Protection Agency, Region 5 ("USEPA 5") alleged that the Company's former plant in Churubusco, Indiana (which ceased operations in 1983) had 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 of the alleged RCRA status of the storage facility. USEPA 5 sought a RCRA closure of the storage facility and the recovery of civil penalties of approximately \$132,000. Following settlement negotiations with USEPA 5, the Company paid a civil penalty of \$80,000 in March, 1996, terminating the administrative proceeding. The Company has proposed a soil sampling plan to determine the extent of contamination, if any, at the facility, and expects sampling to commence in the next several months.

2. IN THE MATTER OF DANA CORPORATION, BOSTON WEATHERHEAD DIVISION. In 1994, the United States Environmental Protection Agency, Region 6 ("USEPA 6") issued an administrative Complaint, Compliance Order and Notice of Opportunity for Hearing to the Company in connection with alleged violations of the federal Resource Conservation and Recovery Act ("RCRA") by the Company's plant in Vinita, Oklahoma. The alleged violations included, among others, the plant's failure to manage and maintain hazardous waste containers, tanks and tank systems in accordance with RCRA requirements and record keeping violations in connection with the plant's Contingency Plan. In the Compliance Order, USEPA 6 sought civil penalties of \$576,640. Following negotiations, the Company and USEPA 6 reached an agreement to settle this case. Under the agreement, the Company will pay a civil penalty of \$124,550 within the next few months.

As previously reported, the Company is also a defendant in the 1992 lawsuit, UNITED STATES V. DANA CORPORATION. In this suit, the Department of Justice, on behalf of the United States, sued the Company, Warner Electric Brake and Clutch Company, Inc. ("Warner Electric"), and Beaver Precision Products, Inc. ("Beaver"), in the U.S. District Court, Eastern District of Michigan under the federal False Claims Act and various common law theories. The complaint alleged overcharging on U.S. government contracts or subcontracts awarded to Beaver in the late 1970s and the 1980s. In 1995,

ITEM 1. LEGAL PROCEEDINGS. (Continued)

- - - - -

Dana and the Department of Justice settled all claims relating to 16 government contracts included in the complaint without any finding of liability or admission of wrongdoing by Dana, and the Company paid the government \$19.5 million, which included payment for the government's alleged damages, interest, and costs of investigation and litigation. The Company reached a tentative agreement with the Department of Justice to settle the remaining litigation claims. Based on this agreement, the amount of \$9.9 (\$5.8 after-tax) was charged to expense in the fourth quarter of 1995. The tentative settlement is subject to further governmental approvals. Discussions about various issues relating to the settlement are continuing.

ITEM 2. CHANGES IN SECURITIES.

- - - - -

On April 15, 1996, the Board of Directors of the Company renewed the Company's Rights Plan by declaring a dividend of one Preferred Share Purchase Right on each outstanding share of the Company's Common Stock, \$1 par value, to be distributed to shareholders of record as of the close of business on July 25, 1996. The Rights will replace the Company's currently outstanding Preferred Share Purchase Rights, which expire on that date.

The Rights will be triggered and exercisable only if a person or group acquires 15% or more of the Company's Common Stock or announces a tender offer which, if completed, would result in that person or group owning 15% or more of the Common Stock.

Each Right will entitle its holder to buy 1/1000th of a share of the Company's Series A Junior Participating Preferred Stock, no par value, at an exercise price of \$110.

If triggered, the Rights will entitle the holders (except the acquiring person or group) to buy that number of shares of the Company's Common Stock having a market value of twice the exercise price of the Rights at the time of the triggering acquisition. In addition, if another company were to merge or otherwise combine with the Company or purchase 50% or more of the Company's assets or earning power, then the outstanding Rights would entitle the holders (except the acquiring company) to buy that number of shares of the acquiring company's common stock having a market value of twice the exercise price of the Rights at the time of the triggering event.

At any time after a person or group acquires 15% or more, but less than 50%, of the Company's Common Stock, the Company's Board may, at its discretion, exchange each outstanding Right (except those owned by the acquiring person or group) for either one share of Common Stock or 1/1000th of a share of the Series A Junior Participating Preferred Stock.

The Board may redeem the Rights at the price of \$.01 each at any time before any person or group acquires 15% of the Company's Common Stock.

The Rights will expire on July 25, 2006, if not exercised, exchanged or redeemed before then.

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

- - - - -

The following are the results of voting by stockholders present or represented at the Annual Meeting of Stockholders on April 3, 1996:

1. Election of Directors. The following were elected to serve as Directors of the Company until the next annual meeting of stockholders or until their successors are elected:

	Votes For -----	Votes Withheld -----
B. F. Bailar	86,206,900	276,312
E. M. Carpenter	86,182,598	300,614
E. Clark	86,211,192	272,020
G. H. Hiner	86,199,451	283,761
M. R. Marks	86,211,154	272,058
S. J. Morcott	86,205,121	278,091
J. D. Stevenson	85,180,354	1,302,858
T. B. Sumner, Jr.	86,190,449	292,763

2. Ratification of Price Waterhouse: The Board's selection of Price Waterhouse LLP as Dana's independent auditors for fiscal year 1996 was ratified. There were 86,210,270 votes ratifying the selection of Price Waterhouse; 71,918 votes against; 201,024 abstentions; and no broker nonvotes.

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

- - - - -

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

No reports on Form 8-K were filed during the quarter ended March 31, 1996.

SIGNATURE

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

DANA CORPORATION

Date: May 3, 1996

/s/ James E. Ayers

James E. Ayers
Chief Financial Officer

Duly Authorized Officer and
Principal Financial Officer.

EXHIBIT INDEX

Exhibit

3-B	By-Laws of Registrant, effective April 15, 1996
4-B	Rights Agreement, dated as of April 25, 1996, between Registrant and Chemical Mellon Shareholder Services, L.L.C., Rights Agent (filed by reference to Exhibit 1 to Registrant's Form 8-A, filed May 1, 1996)
27	Financial Data Schedule

BY-LAWS OF DANA CORPORATION

ARTICLE I. EFFECTIVE DATE

SECTION 1.1. EFFECTIVE DATE. These By-Laws are adopted by the Board of Directors (the "Board") of Dana Corporation ("Dana") on and effective April 15, 1996.

ARTICLE II. OFFICES

SECTION 2.1. REGISTERED OFFICE. Dana's registered office shall be located at Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

SECTION 2.2. BUSINESS OFFICE. Dana's principal business office shall be located at 4500 Dorr Street, Toledo, Ohio 43615, with a mailing address of P.O. Box 1000, Toledo, Ohio 43697.

ARTICLE III. SHAREHOLDER MEETINGS

SECTION 3.1. ANNUAL MEETINGS. Unless the Board fixes a different date, the annual meeting of shareholders of Dana to elect directors and to transact other business (if any) shall be held on the first Wednesday of April each year, at the time and place designated by the Board in the notice of meeting. The Board may postpone or cancel any annual meeting at any time prior to the designated meeting date and time by means of (i) a press release reported by the Dow Jones News, Associated Press or a comparable national news service, or (ii) a document filed with the Securities and Exchange Commission ("SEC") (in either case, a "Public Announcement").

SECTION 3.2. SPECIAL MEETINGS. Special meetings of shareholders may be called by the Board, the Chairman of the Board (the "Chairman"), or the President, to elect directors and/or transact such other business as is described in the notice of meeting, at the date, time and place designated therein. Notice of special meetings shall be given to shareholders in accordance with the Virginia Stock Corporation Act ("Virginia Law"). The Board may postpone or cancel any special meeting at any time prior to the designated meeting date and time by means of a Public Announcement.

SECTION 3.3. SHAREHOLDER NOMINATIONS AND PROPOSALS. In submitting nominations for persons to be elected as directors of Dana or proposals for other business to be presented at any shareholder meeting, shareholders shall comply with the following procedures and such other requirements as are imposed by Virginia Law and the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

a. DELIVERY. Shareholder notices shall be addressed and delivered to the Secretary at Dana's principal business office.

b. TIMELINESS.

i. ANNUAL MEETINGS. Shareholder notices of nominations to be voted on at any annual meeting must be delivered not later than the close of business on the 90th day prior to such meeting, and notices of proposals to be voted on must be delivered in compliance with the

timeliness provisions of SEC Rule 14a-8(a)(3)(i) or any rule hereafter adopted in its place as though such rules applied to the proposals, whether or not they actually do so.

ii. SPECIAL MEETINGS. Shareholder notices of nominations or of proposals to be voted on at any special meeting must be delivered (i) not earlier than the close of business on the 90th day prior to such meeting and (ii) not later than the close of business on the later of the 70th day prior to the date of the special meeting or the 3rd day following the date on which Dana first makes a Public Announcement of the date of the meeting.

iii. ADJOURNMENTS AND POSTPONEMENTS. A Public Announcement of an adjournment or postponement of an annual or special meeting shall not commence a new time period for the giving of shareholder notices.

c. CONTENTS. Shareholder notices shall contain the names and addresses (as they appear on the records of Dana's transfer agent) of the shareholder(s) and all beneficial owners on whose behalf the nomination or proposal is made, and the class and number of Dana shares which are owned of record and beneficially by the shareholder(s) and the beneficial owners. The notice shall also contain, as applicable, (i) the information about director-nominees which is required to be disclosed in solicitations of proxies for the election of directors in an election contest or otherwise pursuant to Regulation 14A under the Exchange Act and Rule 14a-11 thereunder, or any rules hereafter adopted in their place (including such person's written consent to being named in the proxy as a nominee and to serving as a director if elected), and (ii) a brief description of any other proposed business, the reason for presenting such business at the meeting, and any material interests which the shareholder(s) and the beneficial owners have in such business.

SECTION 3.4. CONDUCT OF MEETINGS.

SECTION 3.4.1. CHAIRMAN AND PROCEDURES. Shareholder meetings shall be chaired by the Chairman of the Board or by such person as he or she may designate. The chairman of the meeting shall determine and announce the rules of procedure for the meeting and shall rule on all procedural questions during the meeting.

SECTION 3.4.2. PROPER NOMINATIONS AND BUSINESS. Nominations for directors and other proposals shall be deemed properly brought before a shareholder meeting only when brought in accordance with Virginia Law and this Article III. The chairman of the meeting shall determine whether each nomination or proposal has been properly brought and shall declare that any improperly brought nomination or proposal be disregarded.

SECTION 3.4.3. ADJOURNMENTS. The chairman of any shareholder meeting, or the holders of a majority of the shares represented at the meeting (whether or not constituting a quorum), may adjourn the meeting from time to time. No further notice need be given if the adjournment is for a period not exceeding 120 days and the new date, time and place are announced at the adjourned meeting. Otherwise, notice shall be given in accordance with Virginia Law.

ARTICLE IV. BOARD OF DIRECTORS

SECTION 4.1. AUTHORITY. The business and affairs of Dana shall be managed under the direction of the Board, and all of Dana's corporate powers shall be exercised by or pursuant to the Board's authority.

SECTION 4.2. NUMBER AND TERM OF DIRECTORS. The number of directors of Dana shall be 8. Each director shall hold office until the next annual meeting of shareholders and the election and qualification of his or her successor, or until his or her earlier retirement, resignation, or removal.

SECTION 4.3. MEETINGS AND NOTICE.

SECTION 4.3.1. REGULAR MEETINGS. The Board shall hold regular meetings at such dates, times and places as it may determine from time to time, and no notice thereof need be given other than such determination. However, if the date, time or place of any regular meeting is changed, notice of the change shall be given to all directors by means of (i) a written notice mailed at least 5 calendar days before the meeting, (ii) a written notice delivered in person, by recognized national courier service, or by telecopy at least 1 business day before the meeting, or (iii) by telephone notification given at least 12 hours before the meeting.

SECTION 4.3.2. SPECIAL MEETINGS. The Board or the Chairman may call a special meeting of the Board at any date, time and place by causing the Secretary to give notice thereof to each director in the manner provided in Section 4.3.1. Neither the purpose of the meeting nor the business to be transacted need be specified in the notice of meeting, except for proposed amendments to these By-Laws.

SECTION 4.3.3. TELEPHONIC MEETINGS. Members of the Board may participate in any Board meeting by means of conference telephone or similar communications equipment by means of which all meeting participants can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 4.3.4. WAIVER OF NOTICE. A director may waive any notice of meeting required under Virginia Law, Dana's Articles of Incorporation ("Dana's Articles") or these By-Laws, before or after the date and time set out in the notice, by signed written waiver submitted to the Secretary and filed with the minutes of the meeting. A director's attendance or participation at any meeting shall constitute a waiver of notice unless the director objects, at the beginning of the meeting or promptly upon his or her arrival, to holding the meeting or transacting business at the meeting, and thereafter does not vote on or assent to actions taken at the meeting.

SECTION 4.4. ACTION WITHOUT A MEETING. Any action required or permitted to be taken at a Board meeting may be taken without a meeting if the action is taken by all members of the Board. The action shall be evidenced by one or more written consents, signed by each director either before or after the action is taken. The action shall be effective when the last director signs his or her consent unless the consent specifies a different effective date, in which event the action taken will be effective as of the date specified therein provided that the consent states the date of execution by each director.

SECTION 4.5. QUORUM, BOARD ACTION. A majority of the directors shall constitute a quorum of the Board. If a quorum is present when a vote is taken, the affirmative vote of the majority of directors present shall constitute the act of the Board; provided, that the authorization, approval or ratification of any transaction in which a director has a direct or indirect personal interest shall also be subject to the provisions of Virginia Law.

SECTION 4.6. RESIGNATIONS. A director may resign at any time by giving written notice to the Board, the Chairman, the President or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action. A director's resignation shall not affect any contractual rights and obligations of Dana or the director, except as

specified in any particular contract.

SECTION 4.7. VACANCIES. The Board shall fill all vacancies, including those resulting from an increase in the number of directors, by majority vote of the remaining directors, whether or not such number constitutes a quorum.

ARTICLE V. BOARD COMMITTEES

SECTION 5.1. ESTABLISHMENT OF COMMITTEES. The Board may, by amendment to the By-Laws, establish and dissolve Board Committees and establish and change the authority of such Committees; provided, that each Committee shall consist of two or more directors (who shall serve thereon at the Board's pleasure) and shall have a chairman who is designated by the Board. Each Committee shall exercise such of the Board's powers as are authorized by the Board, subject to any limitations imposed by Virginia Law. The Board may, from time to time and without amendment to the By-Laws, change the membership or chairmanship of any Board Committee and fill any vacancies thereon or designate another director to act in the place of any Committee member who is absent or disqualified from voting at any meeting of the Committee.

SECTION 5.2. STANDING COMMITTEES. The Board shall have the following Standing Committees:

a. ADVISORY COMMITTEE. The Advisory Committee shall make recommendations to the Board on matters relating to the qualifications of directors; the selection of nominees for election as directors at annual shareholder meetings and in filling Board vacancies; the selection and retention of elected officers and management succession; the cash and non-cash compensation of directors; the structure of the Board's Committees; the schedule and agenda for meetings of the Board and its Committees; the criteria for assessing the performance of the Board, its Committees, and the individual directors; and other Board governance matters. When the Board is not in session and when the Advisory Committee is convened by and meeting with the Chairman of the Board for such purpose, the Advisory Committee shall serve as an "executive committee" of the Board and shall have the full authority of the Board under Virginia Law.

b. AUDIT COMMITTEE. The Audit Committee shall periodically meet with Dana's financial and accounting management and independent auditors and accountants to review Dana's audit plans, financial reporting, internal controls, and significant issues relating to Dana's contingent liabilities, taxes and insurance programs. The Audit Committee shall provide oversight for Dana's audit programs and shall make recommendations to the Board on matters relating to the selection and retention of the independent auditors. The members of the Audit Committee shall not be employees of Dana.

c. COMPENSATION COMMITTEE. The Compensation Committee shall make recommendations to the Board on matters relating to base salaries and other cash and non-cash compensation for senior management under those Dana executive benefit plans in effect from time to time which the Committee interprets and administers. The Compensation Committee shall maintain familiarity with generally accepted national and international compensation practices and may consult with such compensation consultants as it deems appropriate. In making its recommendations, the Compensation Committee shall endeavor to maintain the compensation of Dana's senior management at levels appropriate for Dana's size and business, the responsibilities and performance of the individuals, and Dana's performance. The members of the Compensation Committee shall qualify as "outside directors" under

Internal Revenue Service Regulation ss.1.162-27 and shall not be employees of Dana.

d. FINANCE COMMITTEE. The Finance Committee shall review Dana's financial condition, liquidity (including aggregate corporate borrowings) and results of operations, and shall recommend to the Board appropriate courses of action with respect to Dana's financial performance and capital structure. Within parameters established with the Board, the Finance Committee shall review and approve management's recommendations on matters relating to major corporate actions (including fixed capital expenditures; acquisitions, investments, and divestitures; working capital programs; and issuances of equity and debt securities) and shall present such recommendations to the Board.

e. FUNDS COMMITTEE. The Funds Committee shall review the structure and allocation of assets in Dana's pension and other employee benefit funds and the performance of the fund managers, to assure that the funds are managed in compliance with applicable laws and regulations. In performing these advisory functions, the Funds Committee shall refrain from making specific investment recommendations. The Funds Committee shall review and approve management's recommendations on matters relating to the selection and retention of the investment managers.

SECTION 5.3. COMMITTEE MEETINGS AND PROCEDURES. Each Committee shall hold regular meetings at such dates, times and places as it may determine from time to time, and no notice thereof need be given other than such determination. Sections 4.3 through 4.5, which govern meetings, notices and waivers of notice, actions without meeting, and quorum and voting requirements for the Board and the directors, shall also apply to the Committees and their members. Each Committee shall keep written records of its proceedings and shall report such proceedings to the Board from time to time as the Board may require.

SECTION 5.4. RESIGNATIONS. A Committee member may resign at any time by giving written notice to the Chairman of the Board. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action.

ARTICLE VI. OFFICERS

SECTION 6.1. OFFICES AND ELECTION. The Board shall elect the following officers annually at the first Board meeting following the annual shareholders meeting: the Chairman (who shall be a member of the Board), the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the President-Dana North America, the Chief Financial Officer, the Treasurer, the Secretary, and such other Regional Presidents, Executive Vice Presidents, Vice Presidents, Assistant Treasurers and Assistant Secretaries as it deems appropriate. Any person may simultaneously hold more than one office. Each officer shall hold office until the election and qualification of his or her successor, or until his or her earlier resignation or removal. Election as an officer shall not, of itself, create any contractual rights in the officer or in Dana, including, without limitation, any rights in the officer for compensation beyond his or her term of office.

SECTION 6.2. REMOVALS AND RESIGNATIONS. Officers shall serve at the pleasure of the Board and may be removed from office by the Board at any time. An officer may resign at any time by giving written notice to the Chairman or the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon delivery and without Board action. An officer's resignation shall not affect any contractual rights and obligations of Dana or the officer, except as specified in any particular contract.

SECTION 6.3. DUTIES OF OFFICERS. The officers shall perform the following duties and any others which are assigned by the Board from time to time, are required by Virginia Law, or are commonly incident to their offices:

a. CHAIRMAN OF THE BOARD. The Chairman shall provide leadership to the Board in discharging its functions; shall preside at all meetings of the Board; shall act as a liaison between the Board and Dana's management; and, with the Chief Executive Officer, shall represent Dana to the shareholders, investors and other external groups. If the Chairman is absent or incapacitated, the Chairman of the Advisory Committee shall have his or her powers and duties.

b. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be Dana's principal executive officer, with responsibility for the general management of Dana's business affairs. The Chief Executive Officer shall develop and recommend to the Board long-term strategies for Dana, annual business plans and budgets to support those strategies, and plans for management development and succession that will provide Dana with an effective management team. He or she shall serve as Dana's chief spokesperson to internal and external groups. If the Chief Executive Officer is absent or incapacitated, the President shall have his or her powers and duties.

c. CHIEF OPERATING OFFICER. The Chief Operating Office shall oversee the management of Dana's day-to-day business in a manner consistent with Dana's financial and operating goals and objectives, continuous improvement in Dana's products and services, and the achievement and maintenance of satisfactory competitive positions within Dana's industries.

d. PRESIDENT. The President shall have such duties as are assigned by the Chief Executive Officer. If the President is absent or incapacitated, the Chairman shall have his or her powers and duties.

e. PRESIDENT - DANA INTERNATIONAL. The President-Dana International shall have such duties as are assigned by the Chairman.

f. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall be responsible for the overall management of Dana's financial affairs.

g. EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS. The Executive Vice Presidents and the Vice Presidents shall have such duties as are assigned by the Chairman.

h. REGIONAL PRESIDENTS. The President-Dana North America and such other regional presidents as the Board may elect shall manage Dana's operations in the regions assigned to them.

i. TREASURER. The Treasurer shall have charge and custody of Dana's funds and securities and shall receive monies due and payable to Dana from all sources and deposit such monies in banks, trust companies, and depositories as authorized by the Board. If the Treasurer is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Treasurer shall have such powers and duties.

j. SECRETARY. The Secretary shall prepare and maintain minutes of all meetings of the Board and of Dana's shareholders; shall assure that notices required by these By-Laws, Dana's Articles, Virginia Law or the Exchange Act are duly given; shall be custodian of Dana's seal (if

any) and affix it as required; shall authenticate Dana's records as required; shall keep or cause to be kept a register of the shareholders' names and addresses as furnished by them; and shall have general charge of Dana's stock transfer books. If the Secretary is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Secretary shall have such powers and duties.

k. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The Assistant Treasurers and Assistant Secretaries shall have such duties as are assigned by the Treasurer and the Secretary, respectively.

SECTION 6.4. CONTRACTS AND INSTRUMENTS. Except as limited in Section 6.5 with respect to Dana's guarantees of the indebtedness of subsidiaries, affiliates and third parties, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the President-Dana North America, the Chief Financial Officer, any Executive Vice President, any Vice President, any other Regional President, and the Treasurer, shall have the power to enter into, sign (manually or through facsimile), execute, and deliver contracts (including, without limitation, bonds, deeds and mortgages) and other instruments evidencing Dana's rights and obligations on behalf of and in the name of Dana. Except as otherwise provided by law, any of these officers may delegate the foregoing powers to any other officer, employee or attorney-in-fact of Dana by written special power of attorney.

SECTION 6.5. GUARANTEES OF INDEBTEDNESS.

SECTION 6.5.1. DEBT OF WHOLLY OWNED SUBSIDIARIES. Within any limitations set by the Board on total outstanding guarantees for Dana subsidiaries, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, and the Treasurer shall have the power to approve guarantees by Dana of the indebtedness of direct and indirect wholly owned Dana subsidiaries.

SECTION 6.5.2. DEBT OF NON-WHOLLY OWNED SUBSIDIARIES, AFFILIATES, AND OTHER ENTITIES. Each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, and the Treasurer shall have the power to approve guarantees by Dana of the indebtedness of non-wholly owned Dana subsidiaries, Dana affiliates and third party entities; provided, that the aggregate amount of such guarantees made by these officers collectively between Board meetings may not exceed \$10 million and that all such guarantees in the aggregate may not exceed any limitations set by the Board on total outstanding guarantees for Dana subsidiaries.

SECTION 6.6. STOCK CERTIFICATES. The Chairman, the President, and the Secretary shall each have the power to sign (manually or through facsimile) certificates for shares of Dana stock which the Board has authorized for issuance.

SECTION 6.7. SECURITIES OF OTHER ENTITIES. With respect to securities issued by another entity which are beneficially owned by Dana, each of the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President, the President-Dana International, the President-Dana North America, the Chief Financial Officer, any Executive Vice President, any Vice President, any other Regional President, the Treasurer and the Secretary shall have the power to attend any meeting of security holders of the entity and vote thereat; to execute in the name and on behalf of Dana such written proxies, consents, waivers or other instruments as they deem necessary or proper to exercise Dana's rights as a security holder of the entity; and otherwise to exercise all powers to which Dana is entitled as the beneficial owner of the securities. Except as otherwise provided by law, any of these officers may delegate any of the foregoing powers to any other officer, employee or attorney-in-fact of Dana by written special power of

attorney.

ARTICLE VII. INDEMNIFICATION

SECTION 7.1. INDEMNIFICATION. Dana shall indemnify any of the following persons who was, is or may become a party to any "proceeding" (as such term is defined in Section 1 of Article SIXTH of Dana's Articles) to the same extent as if such person were specified as one to whom indemnification is granted in Section 3 of the foregoing Article SIXTH: (i) any Dana director, officer or employee who was, is, or may become a party to the proceeding by reason of the fact that he or she is or was serving at Dana's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and (ii) any Dana employee who was, is, or may become a party to the proceeding by reason of the fact that he or she is or was an employee of Dana. In all cases, the provisions of Sections 4 through 7 of the foregoing Article SIXTH shall apply to the indemnification granted hereunder.

ARTICLE VIII. DANA STOCK

SECTION 8.1. LOST CERTIFICATES. A shareholder claiming that any certificate for Dana stock has been lost or destroyed shall furnish the Secretary with an affidavit stating the facts relating to such loss or destruction. The shareholder shall be entitled to have a new certificate issued in the place of the certificate which is claimed to be lost or destroyed if (i) the affidavit is satisfactory to the Secretary, and (ii) if requested by the Secretary, the shareholder gives a bond (in form and amount satisfactory to the Secretary) to protect Dana and other persons from any liability or expense that might be incurred upon the issue of a new certificate by reason of the original certificate remaining outstanding.

SECTION 8.2. RIGHTS AGREEMENT. Any restrictions which are deemed to be imposed on the transfer of Dana securities by the Rights Agreement dated as of July 14, 1986, as amended, between Dana and Chemical Bank (as successor to Manufacturers Hanover Trust Company), or by any successor or replacement rights plan or agreement, are hereby authorized.

SECTION 8.3. CONTROL SHARE ACQUISITIONS. Article 14.1 of the Virginia Stock Corporation Act shall not apply to the acquisition of shares of Dana's common stock.

ARTICLE IX. AMENDMENT

SECTION 9.1. AMENDMENT. The Board, by resolution, or the shareholders may amend or repeal these By-Laws, subject to any limitations imposed by Dana's Articles and Virginia Law.

5
1,000

3-MOS
DEC-31-1996
JAN-01-1996
MAR-31-1996
45,400
0
1,223,300
0
876,100
0
3,416,000
1,712,700
5,884,500
0
1,286,900
101,600
0
0
1,112,600
5,884,500
1,972,700
2,036,200
1,677,300
1,677,300
0
0
38,500
138,600
54,000
0
0
0
0
78,700
.78
0