

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20509

Form 10-Q

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

For the Quarterly Period Ended September 30, 1996

Commission
File Number 1-1063

Dana Corporation

(Exact name of Registrant as Specified in its Charter)

Virginia

(State or other jurisdiction
of incorporation or organization)

34-4361040

(IRS Employer
Identification Number)

4500 Dorr Street, Toledo, Ohio

(Address of Principal Executive Offices)

43615

(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 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 September 30, 1996 -----
Common stock of \$1 par value	101,792,904

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 September 30, 1996	3
Statement of Income Three Months and Nine Months Ended September 30, 1995 and 1996	4
Condensed Statement of Cash Flows Nine Months Ended September 30, 1995 and 1996	5
Notes to Condensed Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7-11
Part II. Other Information	
Item 1. Legal Proceedings	12
Item 2. Exhibits and Reports on Form 8-K	13
Signature	14
Exhibit Index	15

PART I. FINANCIAL INFORMATION

ITEM 1. DANA CORPORATION

CONDENSED BALANCE SHEET (Unaudited)
(in Millions)

Assets -----	December 31 1995 ----	September 30 1996 ----
Cash and Cash Equivalents	\$ 66.6	\$ 116.5
Accounts Receivable, Net	1,081.6	1,160.2
Inventories		
Raw Materials	230.1	223.3
Work in Process and Finished Goods	644.7	686.7
Lease Financing	1,004.9	1,082.7
Investments and Other Assets	1,016.7	971.7
Property, Plant and Equipment	3,337.3	3,539.8
Less: Accumulated Depreciation	1,687.8	1,789.8
	-----	-----
 Total Assets	 \$ 5,694.1 =====	 \$ 5,991.1 =====
 Liabilities and Shareholders' Equity -----		
Accounts Payable and Other Liabilities	\$ 1,173.0	\$ 1,199.7
Short-Term Debt	791.4	841.0
Long-Term Debt	1,315.1	1,364.9
Deferred Employee Benefits	1,096.2	1,096.2
Minority Interest	153.8	171.1
Shareholders' Equity	1,164.6	1,318.2
	-----	-----
 Total Liabilities and Shareholders' Equity	 \$ 5,694.1 =====	 \$ 5,991.1 =====

ITEM 1. (Continued)

DANA CORPORATION

STATEMENT OF INCOME (Unaudited)

(in Millions Except Per Share Amounts)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	1995	1996	1995	1996
Net Sales	\$ 1,727.1	\$ 1,815.8	\$ 5,620.3	\$ 5,809.0
Revenue from Lease Financing and Other Income	42.0	48.7	136.6	161.2
	1,769.1	1,864.5	5,756.9	5,970.2
Cost of Sales	1,458.5	1,536.0	4,746.9	4,913.3
Selling, General and Administrative Expenses	169.9	179.5	505.9	551.5
Interest Expense	38.4	40.9	107.5	116.4
	1,666.8	1,756.4	5,360.3	5,581.2
Income Before Income Taxes	102.3	108.1	396.6	389.0
Estimated Taxes on Income	(38.0)	(36.4)	(154.5)	(139.8)
Minority Interest	(7.2)	(10.1)	(27.6)	(25.1)
Equity in Earnings/(Losses) of Affiliates	3.8	3.6	(5.3)	11.3
Net Income	\$ 60.9	\$ 65.2	\$ 209.2	\$ 235.4
Net Income Per Common Share	\$.60	\$.64	\$ 2.07	\$ 2.32
Dividends Declared and Paid per Common Share	\$.23	\$.25	\$.67	\$.73
Average Number of Shares Outstanding	101.3	101.7	101.3	101.7

ITEM 1. (Continued)

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

	Nine Months Ended September 30	
	1995	1996
	-----	-----
Net Income	\$209.2	\$ 235.4
Depreciation and Amortization	174.8	203.8
Working Capital Change and Other	(179.8)	(3.5)
	-----	-----
Net Cash Flows from Operating Activities	204.2	435.7
	-----	-----
Purchases of Property, Plant and Equipment	(230.3)	(267.0)
Purchases of Assets to be Leased	(302.6)	(296.9)
Payments Received on Leases and Loans	205.2	212.9
Purchase of Minority Interest of Hayes-Dana Inc.	(92.4)	
Other	47.7	(34.8)
	-----	-----
Net Cash Flows-Investing Activities	(372.4)	(385.8)
	-----	-----
Net Change in Short-Term Debt	93.9	41.8
Proceeds from Long-Term Debt	327.4	347.5
Payments on Long-Term Debt	(223.0)	(319.5)
Dividends Paid	(68.0)	(74.2)
Other	3.9	4.4
	-----	-----
Net Cash Flows-Financing Activities	134.2	-
	-----	-----
Net Change in Cash and Cash Equivalents	(34.0)	49.9
Cash and Cash Equivalents-beginning of year	112.2	66.6
	-----	-----
Cash and Cash Equivalents-end of period	\$ 78.2	\$ 116.5
	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF

 FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

(in Millions)

 CAPITAL EXPENDITURES

	NINE MONTHS ENDED SEPTEMBER 30	YEAR ENDED DECEMBER 31
--	--------------------------------------	------------------------------

1994	\$216	\$337
1995	230	410
1996	267	360*

*Projected

Capital expenditures for Dana Corporation and its consolidated subsidiaries (Dana or the Company) year-to-date for 1996 were \$37 higher than for the same period in 1995 and are projected to be approximately \$50 lower for the year than the record \$410 spent in 1995.

 CASH FLOWS FROM OPERATIONS
 FOR NINE MONTHS ENDED
 SEPTEMBER 30

1994	\$294
1995	204
1996	436

Cash flow from operations in 1996 increased \$232 over last year. Due to the pace of strong sales growth in 1995, approximately \$180 of cash flow was required for additional working capital needs to support the increased business. As a result of the reduction in the sales growth rate in 1996 and the Company's emphasis on asset utilization, working capital has remained relatively constant.

The Company supplements internal cash flow with the issuance of short-term and long-term debt. Dana's consolidated debt increased \$99 over 1995's year end position. Dana's total debt, excluding Dana Credit Corporation (DCC), increased \$86 over 1995's year end level, in part due to the financing of capital expenditures and acquisitions, while DCC's debt increased \$13. .

Dana's consolidated short-term debt increased \$49 since December 31, 1995. Dana's debt, excluding DCC, increased \$45 and DCC's debt increased \$4. Dana's borrowing lines, excluding DCC, totaled \$1.4 billion at September 30, with outstanding short-term borrowings against these lines of \$380. DCC's lines were in excess of \$840, with total outstanding short-term borrowings of \$461.

Consolidated long-term debt of the Company increased \$50 since year end 1995; Dana, excluding DCC, increased its debt \$41 and DCC increased its debt \$9.

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

ITEM 2. Liquidity and Capital Resources (continued)

(in Millions)

Dana's management and legal counsel have reviewed the legal proceedings to which the Company and its subsidiaries were parties as of September 30, 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 is 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. At September 30, 1996, the Company's accruals were \$73 for product liability costs (products) and \$56 for environmental liability costs (environmental), compared to \$73 for products and \$49 for environmental at December 31, 1995. The difference between the Company's minimum and maximum estimates for contingent liabilities, while not considered material, was \$4 for products and \$2 for environmental at September 30, 1996, compared to \$4 for products and \$3 for environmental at December 31, 1995. Probable recoveries of \$42 for products and \$16 for environmental from insurance or third parties have been recorded as assets at September 30, 1996, compared to \$43 for products and \$10 for environmental at December 31, 1995.

ITEM 2. (Continued)

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

(in Millions)

THIRD QUARTER SALES

	1995	1996	% CHANGE
U.S.	\$1,242	\$1,283	3
International	485	533	10
Total	\$1,727	\$1,816	5

Dana's worldwide sales for the third quarter of 1996 exceeded sales in the same period in 1995 by 5% and were the highest of any third quarter in the Company's history. Worldwide unit volume increases of light trucks and sport utility vehicles and sales from recent acquisitions helped offset weak U.S. demand for heavy trucks.

THIRD QUARTER SALES BY REGION

REGION	1995	1996	% CHANGE
North America	\$1,345	\$1,360	1
Europe	209	255	22
South America	122	153	25
Asia Pacific	51	48	(6)

Sales from Dana's international operations increased 10% over 1995, due to the contribution of recent acquisitions in Europe and South America. U.S. sales increased 3%, as light truck and sport utility vehicle component sales rose 17% over a record 1995 third quarter, while sales of heavy truck OE parts decreased 22%, reflecting strong production cuts by Dana's customers. Mobile off-highway OE sales increased 13%, indicating higher demand from Dana's agricultural and construction machinery customers. Industrial OE component sales, the Company's smallest segment, were up 2%, primarily in the U.S. The Company's worldwide aftermarket sales increased 8% (17% internationally and 4% in the U.S.).

The Company reported net income of \$65, the highest for a third quarter in Dana's history, which represents an increase of 7% over 1995's third quarter results.

Revenue from lease financing and other income increased \$7 over third quarter 1995 as higher lease and interest income resulted from higher DCC average asset levels.

Dana's gross margin for the third quarter was 15.4%, comparable to 15.6% for 1995's third quarter. U.S. margins in 1996 and 1995 were comparable while those of international operations were lower, principally relating to the Company's operations in Europe and Asia Pacific.

Selling, general and administrative expenses (S,G&A) increased \$10 or 6% in 1996, in part due to newly acquired operations.

Dana's third quarter 1996 effective tax rate was 34%, compared to 37% for 1995's third quarter. The U.S. state and local rate was lower in 1996, as

was the rate for the Company's Brazilian operations.

Minority interest in net income of subsidiaries increased \$3, primarily due to the higher earnings recorded by Dana's majority-owned affiliate in Brazil.

ITEM 2. (Continued)

Results of Operations (Nine Months 1996 vs Nine Months 1995)

(in Millions)

SALES FOR NINE MONTHS ENDED SEPTEMBER 30

	1995	1996	% CHANGE
U.S.	\$4,138	\$4,173	1
International	1,482	1,636	10
Total	\$5,620	\$5,809	3

Dana's worldwide sales for the first nine months of 1996 totaled \$5,809, an increase of 3% over the same period in 1995. This growth was primarily the result of U.S. light truck and sport utility unit volume increases and sales from recent acquisitions, offsetting weakened U.S. demand for heavy trucks.

SALES BY REGION FOR NINE MONTHS ENDED
SEPTEMBER 30

	1995	1996	% CHANGE
North America	\$4,473	\$4,443	(1)
Europe	636	810	27
South America	366	416	14
Asia Pacific	144	140	(3)

Sales from Dana's international operations increased 10% over 1995, primarily due to the contribution of recent acquisitions in Europe and South America. U.S. sales were slightly higher than in 1995, as the light truck and sport utility vehicle increase of 8% was partially offset by a decrease of 15% in sales of heavy truck OE parts, reflecting production cuts from the Company's customers. Mobile off-highway OE sales were up 10%, due to volume increases from Dana's agricultural and construction machinery customers. Industrial OE component sales, Dana's smallest segment, were down 1%, primarily in the U.S. Dana's worldwide aftermarket sales increased 5% over 1995, 10% internationally and 2% in the U.S.

The Company reported net income of \$235 for the first nine months of 1996, a 13% increase over 1995's results for the same period. The earnings for 1995 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 \$25 in 1996. DCC's lease-related revenue increased \$16 due to higher average asset levels, while sales of an investment and fixed assets within Dana's manufacturing operations also contributed to the increase.

Dana's gross margin for the first nine months of 1996 was 15.4%, comparable to 15.5% for 1995. U.S. margins were improved over 1995, while those of international operations were lower, primarily due to acquisitions and new plant start-ups.

S,G&A increased \$46 or 9% in 1996. The increase is due primarily to the newly acquired operations.

Interest expense increased \$9, as the financing of capital expenditures, lease financing assets, acquisitions and working capital needs resulted in higher average debt levels in 1996.

Dana's effective tax rate for the first nine months of 1996 was 36%, compared to 39% for 1995's first nine months. The U.S. state and local rate was lower in 1996, as was the rate for the

ITEM 2. (Continued)

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Results of Operations (Nine Months 1996 vs Nine Months 1995)

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Company's Brazilian operations. Additionally, the rate is marginally lower due to utilization of some capital loss carry-forwards during the second quarter in 1996.

Minority interest in net income of subsidiaries decreased \$3 in the first nine months of 1996. This decrease was primarily due to the purchase of the remaining 43% ownership of Hayes-Dana Inc. in 1995 and lower earnings of the Company's Taiwanese affiliate.

Equity in earnings of affiliates was higher in 1996 than 1995, due to the devaluation of the Mexican peso, which resulted in an \$18 charge against earnings in the first quarter of 1995.

Dana's U.S. sales performance is expected to correlate with that of its major customers supplying the U.S. light and heavy truck markets. U.S. light truck and sport utility vehicle production schedules are anticipated to remain strong in the fourth quarter of 1996, with full year volumes expected to be slightly higher than 1995's record levels. U.S. heavy truck production is anticipated to remain at lower levels for the fourth quarter. Dana's U.S. sales of aftermarket (service) parts are expected to finish 1996 slightly above 1995's sales.

Dana's significant international expansion in the past few years is providing global sales growth of Dana's core products, such as axles, driveshafts, structural components (frames), sealing products and filtration products. South America and Europe are experiencing growth based on this expansion. Dana's consolidated sales for 1996 are expected to equal or slightly exceed 1995.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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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 not currently a party to any such proceedings.

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 September 30, 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: November 1, 1996

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 (adopted October 21, 1996)
27	Financial Data Schedule

Adopted 10-21-96

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 October 21, 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 nine. 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.

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