Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the Quarterly Period Ended March 31, 2004
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 ☒ No o

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☒ No o

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 April 23, 2004
Common stock, $1 par value	149,027,892

DANA CORPORATION
INDEX

	Page Number
Cover	1
Index	2
Part I. Financial Information	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Balance Sheet — March 31, 2004 and December 31, 2003	3
Condensed Consolidated Statement of Income — Three Months Ended March 31, 2004 and 2003	4
Condensed Consolidated Statement of Cash Flows — Three Months Ended March 31, 2004 and 2003	5
Notes to Condensed Consolidated Financial Statements	6-18
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	19-33
Item 3. Quantitative and Qualitative Disclosures About Market Risk	34
Item 4. Controls and Procedures	34
Part II. Other Information	

Item 1. Legal Proceedings 35
Item 4. Submission of Matters to a Vote of Security Holders 35-36
Item 5. Other Information 36
Item 6. Exhibits and Reports on Form 8-K 37
Signature 38
Exhibit Index 39
EX-3-B By-Laws of Dana Corporation
EX-10-D(1) 1st Amd Dana Corp Director Deferred Fee
EX-10-M Letter to Terry McCormack
EX-31-A Cert of Chief Executive Officer
EX-31-B Cert of Chief Financial Officer
EX-32 Section 1350 Certifications

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DANA CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

(in millions)

	March 31, 2004	December 31, 2003
Assets		
Current assets		
Cash and cash equivalents	**$ 546**	$ 731
Accounts receivable		
Trade	**1,334**	1,048
Other	**296**	326
Inventories		
Raw materials	**314**	293
Work in process and finished goods	**422**	450
Assets of discontinued operations	**1,283**	1,254
Other current assets	**387**	431
Total current assets	**4,582**	4,533
Property, plant and equipment, net	**2,182**	2,210
Investments in leases	**530**	622
Investments and other assets	**2,243**	2,252
Total assets	**$9,537**	$9,617
Liabilities and Shareholders’ Equity		
Current liabilities		
Notes payable, including current portion of long-term debt	**$ 361**	$ 493
Accounts payable	**1,242**	1,076
Liabilities of discontinued operations	**328**	307
Other current liabilities	**1,033**	1,089
Total current liabilities	**2,964**	2,965
Long-term debt	**2,588**	2,605
Deferred employee benefits and other noncurrent liabilities	**1,786**	1,901
Minority interest in consolidated subsidiaries	**99**	96
Shareholders’ equity	**2,100**	2,050
Total liabilities and shareholders’ equity	**$9,537**	$9,617

The accompanying notes are an integral part of
the condensed consolidated financial statements.

DANA CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)

(in millions, except per share amounts)

	Three Months Ended March 31, 2004	2003
Net sales	**$2,311**	$1,976
Revenue from lease financing and other income	**14**	29
	2,325	2,005
Costs and expenses		
Cost of sales	**2,105**	1,801
Selling, general and administrative expenses	**136**	136
Interest expense	**51**	59
	2,292	1,996
Income before income taxes	**33**	9
Income tax benefit	**3**	12
Minority interest	**(3)**	(2)
Equity in earnings of affiliates	**17**	17
Income from continuing operations	**50**	36
Income from discontinued operations	**13**	5
Net income	**$ 63**	$ 41
Basic earnings per common share		
Income from continuing operations	**$ 0.34**	$ 0.25
Income from discontinued operations	**0.09**	0.03
Net income	**$ 0.43**	$ 0.28
Diluted earnings per common share		
Income from continuing operations	**$ 0.33**	$ 0.25
Income from discontinued operations	**0.09**	0.03
Net income	**$ 0.42**	$ 0.28
Cash dividends declared and paid per common share	**$ 0.12**	$ 0.01
Average shares outstanding — Basic	**148**	148
Average shares outstanding — Diluted	**150**	149

The accompanying notes are an integral part of
the condensed consolidated financial statements.

Table of Contents

DANA CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(in millions)

	Three Months Ended March 31, 2004	2003
Net income	**$ 63**	$ 41
Depreciation and amortization	**93**	103
Gain on divestitures and asset sales	**(4)**	(11)
Working capital increase	**(222)**	(237)
Other	**8**	(7)
Net cash flows used in operating activities	**(62)**	(111)
Purchases of property, plant and equipment	**(79)**	(76)
Payments received on leases and loans	**4**	11
Asset sales	**103**	104
Other	**1**	6
Net cash flows — investing activities	**29**	45
Net change in short-term debt	**115**	87
Payments on long-term debt	**(259)**	(6)
Proceeds from long-term debt	**5**	
Dividends paid	**(18)**	(1)
Other	**5**	(1)
Net cash flows — financing activities	**(152)**	79
Net change in cash and cash equivalents	**(185)**	13
Cash and cash equivalents — beginning of period	**731**	571
Cash and cash equivalents — end of period	**$ 546**	$ 584

The accompanying notes are an integral part of
the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in millions)

1. In our opinion, the accompanying condensed consolidated financial statements include all normal recurring adjustments necessary for a fair presentation of financial condition, results of operations and cash flows for the interim periods presented. Interim results are not necessarily indicative of full-year results. We have reclassified certain amounts in 2003 to conform to the 2004 presentation, primarily in connection with the reporting of discontinued operations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2003.

2. In December 2003, the Financial Accounting Standards Board (FASB) issued SFAS No. 132R, "Employers' Disclosure about Pensions and Other Postretirement Benefits." SFAS No. 132R requires additional disclosures about defined benefit pension plans and other postretirement benefit plans. The standard requires, among other things, additional disclosures about the components of pension expense for interim periods beginning after December 15, 2003. We adopted this pronouncement as of December 31, 2003 for all our U.S. plans and included the revised annual disclosures in our 2003 Form 10-K. See Note 5 to our condensed consolidated financial statements in this report for the required interim disclosures.

   In May 2003, the FASB Emerging Issues Task Force issued EITF 03-4, "Accounting for Cash Balance Pension Plans." EITF 03-4 addresses whether a cash balance retirement plan should be considered a defined contribution plan or a defined benefit plan for purposes of applying SFAS No. 87, "Employers' Accounting for Pensions," and, if considered a defined benefit plan, the appropriate expense attribution method. The EITF reached a consensus that cash balance plans are defined benefit plans for purposes of applying SFAS No. 87 and that such plans should apply the unit credit method for determining expense associated with the plan. A substantial majority of our domestic pension plans are cash balance pension plans that have been considered to be defined benefit plans for purposes of applying SFAS No. 87. Prior to 2004, our pension expense for cash balance plans had been determined using the projected unit credit method, which is similar to the unit credit method. Beginning in 2004, our pension expense for cash balance plans is being determined using the unit credit method. The adjustments resulting from application of this method are being treated as actuarial gains and losses pursuant to SFAS No. 87. The impact of adopting EITF 03-4 did not have a material effect on our results of operations or financial condition in the first quarter of 2004.

   In December 2003, legislation was enacted in the U.S. that, among other things, expanded existing Medicare healthcare benefits to include an outpatient prescription drug benefit to Medicare eligible residents of the U.S. (Medicare Part D) beginning in 2006 (the Act). Prescription drug coverage will be available to eligible individuals who voluntarily enroll under the Part D plan. As an alternative, employers may provide drug coverage at least "actuarially equivalent to standard coverage" and receive a tax-free federal subsidy equal to 28% of a

portion of a Medicare beneficiary's drug costs. However, if covered retirees enroll in a Part D plan, the employer would not receive the subsidy.

The FASB has proposed Staff Position FAS No. 106-b, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," to provide guidance on accounting for the effects of this healthcare benefit legislation. The FSP would treat the effect of the employer subsidy on the accumulated postretirement benefit obligation (APBO) as an actuarial gain. The effect of the subsidy would also be reflected in the estimate of service cost in measuring the cost of benefits attributable to current service. The effects of plan amendments adopted subsequent to the Act to qualify plans as actuarially equivalent would be treated as actuarial gains if the net effect of the amendments reduces the APBO. The net effect on the APBO of any plan amendments that (a) reduce benefits under the plan and thus disqualify the benefits as actuarially equivalent and (b) eliminate the subsidy would be accounted for as prior service cost.

We have deferred accounting for the effects of the Act pending an assessment of the provisions of the Act on our U.S.-based postretirement healthcare plans; accordingly, the measures of our APBO and expense recognized for the three months ended March 31, 2004 do not reflect any amount associated with the subsidy. We expect to reflect the effects of the Act on our U.S.-based plans by the third quarter.

3. The following table reconciles our average shares outstanding for purposes of calculating basic and diluted net income per share.

	Three Months Ended March 31,	
	2004	**2003**
Average shares outstanding for the period — basic	**148.3**	148.1
Plus: Incremental shares from:		
Deferred compensation units	**0.4**	0.6
Restricted stock	**0.3**	
Stock options	**1.3**	
Potentially dilutive shares	**2.0**	0.6
Average shares outstanding for the period — diluted	**150.3**	148.7

4. In accordance with our accounting policy for stock-based compensation, we have not recognized any expense relating to our stock options. If we had used the fair value method of accounting, the alternative policy set out in SFAS No. 123, "Accounting for Stock-Based Compensation," the after-tax expense relating to the stock options would have been $3 and $4 in the first quarter of 2004 and 2003, respectively.

The following table presents pro forma stock compensation expense, net of tax, net income and earnings per share as if we had included expense related to the fair value of stock options. The stock compensation expense included in our reported earnings, which was less than $1 in the first quarter of both years, was incurred in connection with our restricted stock plans and stock awards under our stock incentive plan.

	Three Months Ended March 31,	
	2004	**2003**
Stock compensation expense, as reported	**$**	$
Stock option expense, pro forma	**3**	4
Stock compensation expense, pro forma	**3**	4
Net income, as reported	**$ 63**	$ 41
Net income, pro forma	**60**	37
Basic earnings per share		
Net income, as reported	**$0.43**	$0.28
Net income, pro forma	**0.41**	0.25
Diluted earnings per share		
Net income, as reported	**$0.42**	$0.28
Net income, pro forma	**0.40**	0.25

5. The components of net periodic benefit costs for the first quarter of 2004 and 2003 follow.

	Pension Benefits		Other Benefits	
	2004	**2003**	**2004**	**2003**
Service cost	**$ 15**	$ 13	**$ 3**	$ 3
Interest cost	**44**	44	**27**	28
Expected return on plan assets	**(54)**	(54)		
Amortization of prior service cost	**2**	3	**(3)**	(2)
Recognized net actuarial loss	**4**	1	**11**	10
Net periodic benefit cost	**$ 11**	$ 7	**$38**	$39

We disclosed in our 2003 Form 10-K that the amounts we expected to contribute to our U.S. pension plans in 2004 could be affected if proposed legislation modifying the discount rate used to determine funding requirements were enacted. Enactment of that legislation occurred early in the second quarter of 2004. We paid $2 in pension contributions during the three months ended March 31, 2004 and now expect to contribute $35 during the last nine months of the year. This amount does not include any incremental contribution we may elect to make from the proceeds of the sale of our automotive aftermarket business.

6. On an annual basis, disclosure of comprehensive income is incorporated into the Statement of Shareholders' Equity. This statement is not presented on a quarterly basis. Comprehensive income includes net income and components of other comprehensive income, such as foreign currency translation and minimum pension liability adjustments. The deferred translation loss reported for the three months ended March 31, 2004 was $1. The euro and the British pound were the only currencies with impacts exceeding $10 for the quarter and those amounts netted to a loss of less than $4. The $61 deferred translation gain reported for the comparable period in 2003 reflected the impact of a weakening U.S. dollar relative to the Canadian dollar, the euro, the Argentine peso and the Brazilian real.

   Our total comprehensive income is as follows:

	Three Months Ended March 31,	
	2004	2003
Net income	**$63**	$ 41
Other comprehensive income (loss):		
Deferred translation gain (loss)	**(1)**	61
Other		2
Total comprehensive income	**$62**	$104

7. The comparison of the effective tax rates for the quarters ended March 31, 2004 and 2003, which includes the impact of permanent differences between financial accounting rules and tax regulations, is complicated by the relatively low level of pre-tax earnings in the prior year. The $3 income tax benefit recognized on pre-tax income of $33 for the three months ended March 31, 2004 differs significantly from an expected expense provision of nearly $12 at a U.S. federal statutory tax rate of 35%. The primary reasons for this difference are our determination that it was more likely than not that a portion of our capital loss carryforward would be utilized in connection with the sale of Dana Credit Corporation (DCC) assets, which enabled us to reduce our valuation allowance against deferred tax assets by $10, and our forecasted utilization of net operating loss carryforwards in certain non-U.S. jurisdictions. The $12 income tax benefit for the three months ended March 31, 2003 recognized on pre-tax income of $9 differed from an expected expense provision of $3 at a statutory tax rate of 35%. The primary reason for this difference was an $11 reduction in the valuation allowance against deferred tax assets related to our capital loss carryforward.

8. In December 2003, we announced our intention to sell substantially all of our Automotive Aftermarket Group (AAG). These operations comprise the discontinued operations reported in our financial statements as of and for the three months ended March 31, 2004. Under the requirements of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the income statement components of the discontinued operations will be aggregated and presented on a single line in the income statement through the date of sale. The income statement for the three months ended March 31, 2003 has been reclassified to separate the results of these discontinued operations, along with a

significant portion of the Engine Management operations which we sold in June 2003.

The following summarizes the revenues and expenses of our discontinued operations. The income amounts reported in the condensed consolidated statement of income correspond to the Operating Profit After Tax (PAT) of discontinued operations reported in the segment table in Note 9 since there were no unusual items excluded from the latter in either period.

	Three Months Ended March 31,	
	2004	**2003**
Sales	**$510**	$547
Other income	**2**	
Cost of sales	**424**	455
Selling, general and administrative expenses	**64**	79
Restructuring charges		1
Income before income taxes	**24**	12
Income tax expense	**(11)**	(7)
Income reported in condensed consolidated statement of income	**$ 13**	$ 5

The sales of our discontinued operations, while not included in our segment data, were associated with our current and former SBUs as follows:

	Three Months Ended March 31,	
	2004	**2003**
AAG	**$510**	$534
ASG		13
	$510	$547

The condensed consolidated balance sheet at March 31, 2004 includes assets of discontinued operations of $1,283, consisting primarily of accounts receivable ($439), inventory ($461) and property, plant and equipment ($287). Liabilities of discontinued operations at the same date totaled $328, consisting primarily of accounts payable ($213) and accrued payroll and other expenses ($90). In the condensed consolidated statement of cash flows, the cash flows of discontinued operations are not separately classified.

9. In the first quarter of 2004, we announced the combination of the Automotive Systems Group (ASG) and the Engine and Fluid Management Group (EFMG) into a single business unit which will retain the ASG name. The operations of both the ASG and EFMG produce components primarily for the light vehicle original equipment (OE) manufacturer market. The combination enables their global operations serving these markets to focus resources on their common customers. The consolidation of sales, marketing and similar functions makes it impractical to continue evaluating these units as separate operations. Accordingly, our segments for the three months ended March 31, 2004 consist of our Strategic Business Units (SBUs) – the expanded ASG and the Heavy Vehicle

Technologies and Systems Group (HVTSG) — and DCC. The segment data for the three months ended March 31, 2003 has been restated to reflect the combination of ASG and EFMG.

In accordance with plans announced in October 2001, we sold a number of DCC's businesses and assets in 2002 and 2003. During the first quarter of 2004, DCC's total portfolio assets were reduced by $100, leaving assets of approximately $1,260 at March 31, 2004. While we are continuing to pursue the sale of many of the remaining DCC assets in 2004, we expect to retain certain assets (including some portfolio investments) because tax attributes and/or market conditions make disposal uneconomical at this time. The retained liabilities will include certain asset-specific financing and general obligations that are uneconomical to pay off in advance of their scheduled maturities. We expect that the cash flow generated from DCC assets, including proceeds from asset sales, will be sufficient to service DCC's debt.

Management evaluates the operating segments and geographic regions as if DCC were accounted for on the equity method of accounting rather than on the fully consolidated basis used for external reporting. This is done because DCC is not homogeneous with our manufacturing operations, its financing activities do not support the sales of our other operating segments and its financial and performance measures are inconsistent with those of our other operating segments. Moreover, the financial covenants contained in Dana's long-term bank facility are measured with DCC accounted for on an equity basis.

Information used to evaluate the segments and geographic regions is as follows:

	Three Months Ended March 31,				
	External Sales	Inter-Segment Sales	EBIT	Operating PAT	Net Profit (Loss)
2004					
ASG	**$1,712**	**$ 45**	**$103**	**$ 71**	**$ 39**
HVTSG	**578**	**9**	**39**	**24**	**10**
DCC				**7**	**7**
Other	**21**	**2**	**(61)**	**(54)**	**(8)**
Total continuing operations	**2,311**	**56**	**81**	**48**	**48**
Discontinued operations			**25**	**13**	**13**
Total operations	**2,311**	**56**	**106**	**61**	**61**
Unusual items excluded from performance measures			**(1)**	**2**	**2**
Consolidated	**$2,311**	**$ 56**	**$105**	**$ 63**	**$ 63**
North America	**$1,594**	**$ 27**	**$ 83**	**$ 54**	**$ 24**
Europe	**438**	**30**	**30**	**22**	**14**
South America	**130**	**44**	**18**	**11**	**9**
Asia Pacific	**149**	**1**	**8**	**5**	**2**
DCC				**7**	**7**
Other			**(58)**	**(51)**	**(8)**
Total continuing operations	**2,311**	**102**	**81**	**48**	**48**
Discontinued operations			**25**	**13**	**13**
Total operations	**2,311**	**102**	**106**	**61**	**61**
Unusual items excluded from performance measures			**(1)**	**2**	**2**
Consolidated	**$2,311**	**$102**	**$105**	**$ 63**	**$ 63**
2003					
ASG	$1,507	$ 36	$ 76	$ 57	$ 27
HVTSG	455	21	25	15	4
DCC				6	6
Other	14	1	(45)	(52)	(11)
Total continuing operations	1,976	58	56	26	26
Discontinued operations			12	5	5
Total operations	1,976	58	68	31	31
Unusual items excluded from performance measures				10	10
Consolidated	$1,976	$ 58	$ 68	$ 41	$ 41
North America	$1,409	$ 24	$ 54	$ 32	$ 5
Europe	361	19	29	25	18
South America	86	38	8	5	3
Asia Pacific	120	1	11	7	4
DCC				6	6
Other			(46)	(49)	(10)
Total continuing operations	1,976	82	56	26	26
Discontinued operations			12	5	5
Total operations	1,976	82	68	31	31
Unusual items excluded from performance measures				10	10
Consolidated	$1,976	$ 82	$ 68	$ 41	$ 41

Operating PAT is the key internal measure of performance used by management, including our chief operating decision maker, as a measure of segment profitability. With the exception of DCC, Operating PAT represents earnings before interest and taxes (EBIT), tax-effected at 39% (our estimated long-term effective rate), plus equity in earnings of affiliates. Net Profit (Loss), which is Operating PAT less allocated corporate expenses and net interest expense, provides a secondary measure of profitability for our segments that is more comparable to that of a free-standing entity. The allocation is based on segment sales because it is readily calculable, easily understood and, we believe, provides a reasonable distribution of the various components of our corporate expenses among our business units.

The Other category includes businesses unrelated to the segments, trailing liabilities for closed plants and corporate administrative functions. For purposes of presenting Operating PAT, Other also includes interest expense net of interest income, elimination of inter-segment income and adjustments to reflect the actual effective tax rate. In the Net Profit (Loss) column, Other includes the net profit or loss of businesses not assigned to the segments and closed plants (but not discontinued operations), minority interest in earnings and the tax differential.

The following table reconciles the EBIT amount reported for our segments, excluding DCC, to our consolidated income before income taxes as presented in the condensed consolidated statement of income.

	Three Months Ended March 31,	
	2004	**2003**
EBIT from continuing operations	**$ 81**	$ 56
Unusual items excluded from performance measures	**(1)**	
Interest expense, excluding DCC	**(38)**	(42)
Interest income, excluding DCC	**2**	3
DCC pre-tax loss	**(11)**	(8)
Income before income taxes	**$ 33**	$ 9

In the first quarter of 2004, transaction expenses of $1 incurred at the Dana parent level in connection with the sale of assets by DCC were excluded from our performance measurement of EBIT. Operating PAT reported by our continuing operations excludes the $2 gain realized on the DCC asset sales. The latter amount includes the after-tax effect of the transaction expenses noted above.

Unusual items excluded from performance measures in 2003 presented in the segment table and the EBIT reconciliation table includes $10 of gains on DCC asset sales.

The gains and losses recorded by DCC are not presented as unusual items excluded from performance measures in the preceding EBIT reconciliation table since we do not include DCC's results in EBIT for segment reporting. However, such pre-tax amounts are included within DCC's pre-tax loss in the table.

Expenses incurred in connection with our restructuring activities are included in the respective SBUs' operating results, as are charges and credits to earnings resulting from the periodic adjustments of our restructuring accruals to reflect changes in our estimates of the total cost remaining on uncompleted restructuring projects and gains and losses realized on the sale of assets related to restructuring. These expenses and credits for the three months ended March 31, 2004 and 2003 are summarized by SBU in the following table. They are included in Operating PAT and Net Profit (Loss) after applying a 39% tax effect.

	Three Months Ended March 31, 2004		
	Restructuring Provisions	**Adjustment of Accruals**	**Restructuring Disposition Loss (Gain)**
ASG	**$4**	**$(8)**	**$**
HVTSG	**1**		
	$5	**$(8)**	**$–**

	Three Months Ended March 31, 2003		
	Restructuring Provisions	**Adjustment of Accruals**	**Restructuring Disposition Loss (Gain)**
ASG	$4	$(5)	$
HVTSG	1	(1)	1
	$5	$(6)	$1

10. Included in cash and cash equivalents at March 31, 2004 are cash deposits of $128 primarily in support of stand-by letters of credit and surety bonds that are used principally for the purpose of meeting various states' requirements in order to self-insure our workers compensation obligations and to provide credit enhancement of certain lease agreements. These financial instruments are expected to be renewed each year. A total of $98 of the deposits may not be withdrawn.

11. The changes in goodwill during the three months ended March 31, 2004, by segment, were as follows:

	Balance at December 31, 2003	**Effect of Currency and Other**	**Balance at March 31, 2004**
ASG	$433	$ 1	**$434**
HVTSG	125	(1)	**124**
	$558	$ –	**$558**

Goodwill is included in Investments and other assets in our condensed consolidated balance sheet.

12. At December 31, 2003, $99 remained in accrued liabilities relating to previously announced restructuring plans. During the first quarter of 2004, we continued to fulfill our obligations to pay severance and provide healthcare benefits to former

employees. Charges were incurred during the quarter in connection with transferring people to the new ASG Technology Center and to maintain certain closed facilities. As part of our periodic review of the propriety of existing accruals, we determined during the first quarter of 2004 that an $8 accrual related to a facility in Reading, Pennsylvania was no longer required in light of the impending sale of the property; accordingly, this accrual was adjusted. On a net basis, restructuring provisions and adjustments of $3 were credited to restructuring expense and had a $2 positive effect on net income for the quarter ended March 31, 2004. Because restructuring expense was not material for separate reporting, it has been combined with cost of sales in the condensed consolidated statement of income.

The following summarizes the activity in accrued restructuring expenses during the first three months of 2004:

	Employee Termination Benefits	Exit Costs	Total
Balance at December 31, 2003	$ 81	$18	$ 99
Activity during the quarter:			
Charges to expense	3	2	5
Cash payments	(21)	(2)	(23)
Adjustment of accruals		(8)	(8)
Balance at March 31, 2004	$ 63	$10	$ 73

At March 31, 2004, $73 of restructuring charges remained in accrued liabilities. This balance was comprised of $63 for the termination of employees, including the announced termination of approximately 500 employees scheduled for the remainder of 2004, and $10 for lease terminations and other exit costs. We estimate the related cash expenditures will be approximately $53 in the remainder of 2004, $16 in 2005 and $4 thereafter. The amount of estimated cash expenditures for each period approximates the midpoint of the estimated range of cash expenditures for such period. We believe that our liquidity and cash flows in 2004 will be more than adequate to satisfy our obligations related to our restructuring plans.

13. *Contingencies* — We are a party to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on product liability claims and alleged violations of environmental laws. We have reviewed our pending judicial and legal proceedings, including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage and our established reserves for uninsured liabilities. We do not believe that it is reasonably possible that any losses from these matters, to the extent they exceed the recorded liabilities, will have a material adverse effect on our liquidity, financial condition or results of operations.

Asbestos-Related Product Liabilities — Since the mid-1980s, we have been a defendant in asbestos bodily injury litigation. For most of this period, our asbestos-related claims were administered by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In February 2001, the CCR was reorganized and discontinued

negotiating shared settlements. Since then, we have independently controlled our legal strategy and settlements. In August 2001, we retained Peterson Asbestos Consulting Enterprise (PACE), a subsidiary of Peterson Consulting, Inc., to administer our claims, bill our insurance carriers and assist us in claims negotiation and resolution.

At March 31, 2004, we had approximately 151,000 pending asbestos-related product liability claims, consisting of approximately 139,000 unresolved claims and approximately 12,000 claims settled pending payment (including 7,000 claims remaining from when we were a member of the CCR and 5,000 claims that we have settled subsequently). This compares to approximately 149,000 pending claims that we reported at December 31, 2003, consisting of approximately 139,000 unresolved claims and approximately 10,000 claims settled pending payment (including 7,000 claims remaining from when we were a member of the CCR and 3,000 claims we have settled subsequently).

At March 31, 2004, we had accrued $134 for indemnity and defense costs for contingent asbestos-related product liability claims and recorded $114 as an asset for probable recoveries from insurers for such claims, compared to $133 accrued for such liabilities and $113 recorded as an asset at December 31, 2003. We cannot estimate possible losses in excess of those for which we have accrued because we cannot predict how many additional claims may be brought against us in the future, the allegations in such claims or their probable outcomes.

At March 31, 2004, we had a net amount receivable from our insurers and others of $36 representing reimbursements for settled claims and related defense costs, compared to $33 at December 31, 2003. These receivables include billings in progress and amounts subject to alternate dispute resolution proceedings with certain of our insurers. Substantial progress has been made in those proceedings and we expect the outcome to be favorable. However, the amount receivable may increase until the proceedings are ultimately concluded.

Other Product Liabilities – At March 31, 2004, we had accrued $7 for contingent non-asbestos product liability costs, compared to $12 accrued at December 31, 2003, with no recovery expected from third parties at either date. The decline includes $3 attributable to settlement of an outstanding claim during the first quarter of 2004. If there is a range of equally probable outcomes, we accrue the lower end of the range. The difference between our minimum and maximum estimates for these liabilities was $8 at March 31, 2004 and $12 at December 31, 2003.

Environmental Liabilities — We estimate contingent environmental liabilities based on the most probable method of remediation, current laws and regulations and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, we accrue the lower end of the range.

We are a potentially responsible party at the Hamilton Avenue Industrial Park Superfund site in New Jersey. The site has three “Operable Units.” We have estimated our potential financial exposure as less than $1 for Operable Unit 1

(based on the remediation that has been performed at this Unit and our assessment of the likely allocation of costs among the potentially responsible parties) and as approximately $5 for Operable Unit 2 (based on our assessment of the possible remedies, most likely remediation method and likely allocation of costs among the potentially responsible parties). However, the EPA has identified an array of remedial alternatives for Operable Unit 2, the costs for which range from less than $1 up to nearly $200. While we cannot predict which remedial alternative the EPA will select, based on our assessment, we believe that the likelihood is remote that the costs allocated to us for this Unit will approach $200. We have not included any estimate for Operable Unit 3 in our cost projections as no site investigation for this Unit has yet been conducted and currently it is impossible to predict whether there will be a need for remedial action related to this Unit.

At March 31, 2004, we had accrued $78 for contingent environmental liabilities, compared to $77 at December 31, 2003, with no recovery expected from other parties at either date. The difference between our minimum and maximum estimates for these liabilities was $10 at both dates.

Other Liabilities — Some former CCR members have defaulted on the payment of their shares of some of the CCR-negotiated settlements and some of the settling claimants are seeking payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR member companies, our insurers and the claimants to resolve these issues. At March 31, 2004, we had recorded our estimated liability related to these matters of $48 and an estimated recoverable of $30. These amounts are unchanged from those recorded at December 31, 2003 and take into account the current status of negotiations with our insurers, including the status of alternate dispute resolution proceedings and consultations with outside counsel.

Assumptions — The amounts recorded for contingent asbestos-related liabilities and recoveries are based on assumptions and estimates derived from our historical experience and current information. If our assumptions about the nature of the pending unresolved bodily injury claims and the claims relating to the CCR-negotiated settlements, the costs to resolve those claims and the amount of available insurance and surety bonds prove to be incorrect, the actual amount of our liability for asbestos-related claims and the effect on the company could differ materially from our current expectations.

14. We are party to several interest rate swap agreements under which we agreed to exchange the difference between fixed rate and floating rate interest amounts on notional amounts corresponding with our August 2001 and March 2002 notes. Converting the fixed interest rate to a variable rate is intended to provide a better balance of fixed and variable rate debt. Our current fixed-for-variable swap agreements have all been designated as fair value hedges of the August 2001 and March 2002 notes. Accordingly, the fair value of these agreements was recorded as a non-current asset and offset by an increase in the carrying value of long-term debt at March 31, 2004. This adjustment of long-term debt, which does not affect the scheduled principal payments, will fluctuate with the fair value of the agreements and will not be amortized if the swap agreements remain

open. Additional adjustments to the carrying value of long-term debt resulted from the modification or replacement of swap agreements, which generated cash receipts prior to 2004. These valuation adjustments, which are being amortized as a reduction of interest expense over the remaining life of the notes, totaled $73 at March 31, 2004.

As of March 31, 2004, the interest rate swap agreements provided for us to receive an average fixed rate of 9.26% on notional amounts of $825 and €200 and pay variable rates based on either the London interbank offered rate (LIBOR), plus a spread, or the euro interbank offered rate (EURIBOR), plus a spread, respectively. The average variable rate under these contracts approximated 6.28% as of March 31, 2004. The agreements expire in August 2011 ($575 and €200) and March 2010 ($250). The aggregate fair value of these agreements was a $14 non-current asset at March 31, 2004.

15. We record a liability for estimated warranty obligations at the date products are sold. Adjustments are made as new information becomes available. Changes in our warranty liability for the three months ended March 31, 2004 and 2003 follow.

	Three Months Ended March 31,	
	2004	2003
Balance, beginning of period	**$ 91**	$105
Amounts accrued for current period sales	**8**	9
Adjustments of prior accrual estimates	**1**	
Settlements of warranty claims	**(10)**	(12)
Foreign currency translation		1
Balance, end of period	**$ 90**	$103

Warranty obligations are reported as current liabilities in the condensed consolidated balance sheet.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Dollars in millions

Market Outlook

Our industry is prone to fluctuations in demand over the business cycle. Production levels in our key markets for the past three years, along with our outlook for 2004, are shown below.

	Production in Units			
	2001	2002	2003	Dana's Outlook 2004
Light vehicle (in millions):				
North America	15.5	16.4	15.9	16.2
Europe	20.5	20.8	21.0	21.5
Asia Pacific	16.0	18.1	18.5	19.6
South America	2.4	1.9	1.9	2.3
Commercial Vehicle (in thousands):				
North America				
Medium-duty (Class 5-7)	176	189	195	211
Heavy-duty (Class 8)	146	181	176	245

North American light duty production levels have been relatively stable the past few years. A significant development in this market since 2001 has been the increased use of incentives by our customers to stimulate and maintain demand levels. Dealer inventory levels have increased during the first quarter of 2004 as production outpaced retail sales. Customer incentives are expected to be used to help stimulate sales. If incentives alone are not sufficient to reduce inventories, our customers might scale back their current production schedules.

A challenge that we and others in the light vehicle market face is the continued price reduction pressure from our customers. Our largest customers in this market – the U.S.-based OE manufacturers – have experienced market share erosion to other international light vehicle manufacturers over the past few years, thereby putting additional pressure on their profitability. To the extent this trend continues, we expect the price reduction demands will be ongoing. Our restructuring, divestitures and outsourcing initiatives have helped position us for this increasingly competitive landscape. Ongoing cost reduction programs, like our lean manufacturing and six sigma blackbelt programs, will continue to be important to sustaining and improving our margins.

The commercial vehicle market, which was at the bottom of its business cycle in 2001, had recovered only slightly during the past two years. Orders in both the medium- and heavy-duty North American markets have been strengthening in recent months with inventories remaining stable. Consequently, the recovery in these markets appears to be underway, supporting our improved production outlook for 2004.

In our other markets – off highway, European commercial vehicles and light vehicles in the Asia Pacific and South American regions – we expect either stable or improving production demand in 2004.

Other Key Factors

In our markets, concentration of business with certain customers is common, so our efforts to achieve additional diversification are important. In the light vehicle market, we have been successful in gaining new business with several international manufacturers over the past few years. We expect greater customer diversity as more of this business comes on stream and we gain additional business with these customers.

Broadening our global presence will also be increasingly important in the months ahead. Global sourcing presents opportunities to improve our competitive cost position, as well as to take advantage of the higher expected growth in emerging markets such as China and India. A number of our steel suppliers began assessing a price surcharge during the fourth quarter of 2003, a practice that has continued into 2004. The impact on earnings during the first quarter was minor but increased during March. Accordingly, despite recent reports that suggest a lessening of the shortages that prompted these surcharges, we are uncertain of the potential effect on results of operations in 2004.

Another key factor in our future success is technology. We are continuing to invest in advanced product and process technologies as we believe that they, as much as any factor, are critical to improving our competitive position and profitability. In keeping with these efforts, our recent moves to focus even more on our core OE markets will enable us to capitalize on the continuing trends toward modularity and systems integration in these markets.

New Business

In the OE vehicular business, new programs are awarded to suppliers well in advance of the expected start of production. The amount of lead time varies based on the nature of the product, size of the program and required start-up investment. The awarding of new business often coincides with model changes on the part of vehicle manufacturers. Given the cost and service concerns associated with changing suppliers, we expect to retain any awarded business over the vehicle life, which is typically several years.

During 2003, more than $400 of our sales increase resulted from the addition of net new business — new business in excess of lost business. We expect net new business to contribute a minimum of $400 to our 2004 sales. Beyond 2004, based on business already awarded or lost, we expect net new business contributions through 2009.

Summary

Over the last three years, we have repositioned the organization – through divestitures, restructuring, outsourcing and strategic partnerships – to be more strategically focused and more competitive. In the process, we have downsized from a company with sales in excess of $13,000 (before adjustments to reflect discontinued businesses) to a company with 2003 sales of just under $8,000 reported by our continuing operations. At the same time, we have improved our overall profitability and financial position. With a more focused strategy and improved financial situation, we believe we are better positioned to grow the business in our core markets.

Liquidity and Capital Resources

Cash Flows (First Quarter 2004 versus First Quarter 2003)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003	Dollar Change
Cash Flows from Operating Activities:			
Net income	$ 63	$ 41	$ 22
Depreciation and amortization	93	103	(10)
Asset impairment charges	1	6	(5)
Gains on divestitures and asset sales	(4)	(11)	7
Decrease (increase) in operating working capital	(222)	(237)	15
Other	7	(13)	20
Net cash flows used in operating activities	$ (62)	$(111)	$ 49

Net income improved by more than 50% in the first quarter of 2004 when compared to the same period in 2003. Depreciation and amortization declined slightly in the first quarter of 2004, the result of tightened capital spend and recent divestitures. Working capital performed its normal seasonal climb, as trade receivables carried by our continuing operations increased nearly $300. The collection of nearly $70 related to customer-paid tooling helped mitigate the impact on receivables of strong sales in all of our principal markets and kept the 2004 increase below what was experienced in 2003. Our discontinued operations were not a significant factor in cash flows from operating activities. Overall, cash flows used in operations totaled $62 in the first quarter of 2004, an improvement of $49 over the same period in 2003.

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003	Dollar Change
Cash Flows from Investing Activities:			
Purchases of property, plant and equipment	$ (79)	$ (76)	$ (3)
Payments received on leases	3	9	(6)
Net loan payments from customers	1	2	(1)
Proceeds from sales of other assets	103	104	(1)
Other	1	6	(5)
Net cash flows from investing activities	$ 29	$ 45	$(16)

Capital spending increased only slightly in the first quarter of 2004 although for the year we expect capital spend to approximate our depreciation expense. Proceeds from asset sales during the first quarter of 2004 were also even with those generated in the same period in 2003. Overall, net cash from 2004 investing activities totaled $29, a $16 decline from the comparable period in 2003.

	Three Months Ended March 31, 2004	2003	Dollar Change
Cash Flows from Financing Activities:			
Net change in short-term debt	$ 115	$87	$ 28
Payments of long-term debt	(259)	(6)	(253)
Issuance of long-term debt	5		5
Dividends paid	(18)	(1)	(17)
Other	5	(1)	6
Net cash flows from (used in) financing activities	$(152)	$79	$(231)

We used available cash to meet scheduled debt payments while draws on the accounts receivable securitization program continued to help us meet our working capital needs during the first quarter of 2004. Despite the influx of cash anticipated in connection with the sale of our automotive aftermarket business, managing our cash remains a high priority. Our estimate of cash outlays related to restructuring activities is approximately $53 for the remainder of 2004 and we expect to reduce working capital, exclusive of our restructuring activities, by $100 based on the projected levels of production for 2004. We expect the proceeds from divestiture of the automotive aftermarket business to exceed its book value. Achieving these targets would enable us to reduce debt, invest in other business opportunities and contribute to our pension plans.

Financing Activities — Committed and uncommitted credit lines enable us to make borrowings to supplement the cash flow generated by our operations. Excluding DCC, we had committed and uncommitted borrowing lines of $1,314 at March 31, 2004. This amount included our long-term credit facility in the amount of $400, which matures in November 2005. The interest rates under this facility equal LIBOR or the bank prime rate, plus a spread that varies depending on our credit ratings. Under this facility, we may borrow amounts up to $50 on an unsecured basis, provided such amounts are not outstanding for more than five business days or borrowed within a five-day period after repayment of all previous advances. For any other borrowings under the facility, we must provide certain inventory and other collateral, as permitted within the limits of our indentures. These provisions of the facility terminate if our credit ratings reach Baa3 by Moody's Investor Service (Moody's) and BBB- by Standard and Poor's (S&P). We also have an accounts receivable securitization program that provides up to $400 to meet our periodic demands for short-term financing. The amount available under the program is subject to reduction based on adverse changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the underlying accounts receivable. This program is subject to possible termination by the lenders in the event our credit ratings are lowered below B1 by Moody's and B+ by S&P. As of April 23, 2004, we were rated Ba3 by Moody's and BB by S&P. Prior to the sale of substantially all of the AAG, we will be removing the group from the securitization program, thereby reducing the amount available to us under that program. To compensate for this reduction, we are negotiating additional financing facilities to offset the reduction in the accounts receivable securitization program. Our preliminary assessment, based on an average historical volume of AAG receivables, indicated that the withdrawal of AAG would decrease the amount available under the existing program by approximately $200. At March 31, 2004, borrowings outstanding under the various Dana lines consisted of $24 drawn by non-U.S. subsidiaries against uncommitted lines and $140

outstanding under the accounts receivable program. No amounts were drawn on the long-term credit facility.

Dana's long-term credit facility requires us to attain specified financial ratios as of the end of certain specified quarters, including the ratio of net senior debt to tangible net worth; the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) less capital spend to interest expense; and the ratio of net senior debt to EBITDA. Specifically, the ratios are: (i) net senior debt to tangible net worth of not more than 1.1:1 at March 31, 2004 and thereafter; (ii) EBITDA (as defined in the facility) minus capital expenditures to interest expense of not less than 2.25:1 at March 31, 2004 and 2.5:1 at June 30, 2004 and thereafter; and (iii) net senior debt to EBITDA of not greater than 2.9:1 at March 31 and June 30, 2004 and 2.5:1 thereafter. The facility was modified during the first quarter of 2004 to apply the 2.9:1 requirement under the net senior debt to EBITDA ratio through June 30, 2004; the 2.5:1 ratio requirement, which was to become effective March 31, 2004, now becomes effective as of September 30, 2004. The ratio calculations are based on Dana's consolidated financial statements with DCC accounted for on an equity basis. We were in compliance with all of the ratio requirements at March 31, 2004.

In addition, DCC has a revolving credit facility. The facility had a maximum borrowing capacity of $100 at December 31, 2003. DCC elected to reduce the amount available under the facility to $20 during the quarter ended March 31, 2004. Interest rates under the facility equal LIBOR or the prime rate, plus a spread that varies depending on DCC's credit ratings. At March 31, 2004, there were no amounts outstanding under DCC's revolving credit facility. The facility matures in June 2004.

Because our financial performance is impacted by various economic, financial and industry factors, we cannot say with certainty whether we will satisfy the covenants under our long-term credit facility in the future. Noncompliance with these covenants would constitute an event of default, allowing the lenders to accelerate the repayment of any borrowings outstanding under the facility. While no assurance can be given, we believe that we would be able to successfully negotiate amended covenants or obtain waivers if an event of default were imminent; however, we might be required to provide additional collateral to the lenders or make other financial concessions. Any default under the credit facilities or any of our significant note agreements may result in defaults under our other debt instruments. Our business, results of operations and financial condition could be adversely affected if we were unable to successfully negotiate amended covenants or obtain waivers on acceptable terms.

Based on our rolling six-quarter forecast, we expect our cash flows from operations, combined with our current and planned credit facilities and the accounts receivable securitization program, to provide sufficient liquidity to fund our debt service obligations, projected working capital requirements, restructuring obligations and capital spending for a period that includes the next twelve months.

Hedging Activities — At March 31, 2004, we had a number of open forward contracts to hedge against certain anticipated net purchase and sale commitments. These contracts are for a short duration and none extends beyond the first quarter of 2005. The aggregate fair value of these contracts is a favorable amount approximating $2. These contracts have been valued by independent financial institutions using the exchange spot rate on March 31, 2004, plus or minus quoted forward basis points, to determine a settlement value for each contract.

In order to provide a better balance of fixed and variable rate debt, we have interest rate swap agreements in place to effectively convert the fixed interest rate on certain of our notes to variable rates. These swap agreements have been designated as

fair value hedges and the impact of the change in their value is offset by an equal and opposite change in the carrying value of the notes. Under these agreements, we receive an average fixed rate of interest of 9.26% on notional amounts of $825 and €200 and we pay a variable rate based on either LIBOR, plus a spread, or EURIBOR, plus a spread, respectively. As of March 31, 2004, the average variable rate under these agreements approximated 6.28%. The swap agreements expire in August 2011 ($575 and €200) and March 2010 ($250), coinciding with the terms of the hedged notes. Based on the aggregate fair value of these agreements at March 31, 2004, we recorded a non-current asset of $14 and offset the carrying value of long-term debt. This adjustment of long-term debt, which does not affect the scheduled principal payments, will fluctuate with the fair value of the swap agreements and will not be amortized if the swap agreements remain open.

During the first quarter of 2004, we entered into two swap agreements related to a portion of our electrical usage requirements in Canada. These agreements provide for us to pay a fixed rate per megawatt hour each month and receive a market rate. The contracts expire in June 2004 and August 2005. The fair value of these contracts was not material at March 31, 2004.

Cash Obligations — Under various agreements, we are obligated to make future cash payments in fixed amounts. These include payments under our long-term debt agreements, rent payments required under operating lease agreements and payments for equipment, other fixed assets and certain raw materials.

The following table summarizes our fixed cash obligations over various future periods as of March 31, 2004.

		Payments Due by Period			
Contractual Cash Obligations	**Total**	**Less than 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
Principal of Long-Term Debt	$2,777	$192	$141	$ 853	$1,591
Operating Leases	371	67	114	69	121
Unconditional Purchase Obligations	103	97	6		
Other Long-Term Liabilities	1,338	154	252	267	665
Total Contractual Cash Obligations	$4,589	$510	$513	$1,189	$2,377

The unconditional purchase obligations presented are comprised principally of commitments for procurement of fixed assets and the purchase of raw materials.

We have a number of sourcing arrangements with suppliers for various component parts used in the assembly of certain of our products. These arrangements include agreements to procure certain outsourced components that we had manufactured ourselves in earlier years. These agreements do not contain any specific minimum quantities that we must order in any given year, but generally require that we purchase the specific component exclusively from the supplier over the term of the agreement. Accordingly, our cash obligation under these agreements is not fixed. However, if we were to estimate volumes to be purchased under these agreements based on our forecasts for 2004 and assume that the volumes were constant over the respective contract periods, the annual purchases from those agreements where we estimate the annual volume would exceed $20 would be as follows for our continuing operations: $575 for the remainder of 2004, $1,353 in 2005 and 2006 combined; $1,077 in 2007 and 2008 combined and $1,623 thereafter.

Other Long-Term Liabilities include estimated obligations under our retiree healthcare programs and the estimated 2004 contribution to our U.S. defined benefit pension plans. Obligations under the retiree healthcare programs are not fixed

commitments and will vary depending on various factors, including the level of participant utilization and inflation. Our estimates of the payments to be made through 2008 considered recent payment trends and certain of our actuarial assumptions. We have not estimated pension contributions beyond 2004 due to the significant impact that return on plan assets, changes in discount rates and a potential additional contribution in 2004 might have on such amounts.

In addition to fixed cash commitments, we may have future cash payment obligations under arrangements where we are contingently obligated if certain events occur or conditions are present. We have guaranteed $1 of short-term borrowings of a non-U.S. affiliate accounted for under the equity method of accounting. In addition, DCC has guaranteed portions of the borrowings of its affiliates that are accounted for under the equity method. DCC's aggregate exposure under one of the guarantees is $6. Under the other guarantee, DCC's exposure for changes in interest rates resulting from specific events described in the financing arrangements would vary but should not exceed $32.

We procure tooling from a variety of suppliers. In certain instances, in lieu of making progress payments on the tooling, we may guarantee a tooling supplier's obligations under its credit facility secured by the specific tooling purchase order. Our Board authorization permits us to issue tooling guarantees up to $80 for these programs. At March 31, 2004, we had a $12 guarantee outstanding in connection with a tooling order for one of our OE programs. We do not expect such guarantees for this program to exceed $20.

Included in cash and cash equivalents at March 31, 2004 are cash deposits of $128 primarily in support of stand-by letters of credit and surety bonds that are used principally for the purpose of meeting various states' requirements in order to self-insure our workers compensation obligations and to provide credit enhancement of certain lease agreements. A total of $98 of the deposits may not be withdrawn. These financial instruments are expected to be renewed each year. We accrue the estimated liability for workers compensation claims, including incurred but not reported claims. Accordingly, no significant impact on our financial condition would result if the letters of credit were drawn or the surety bonds were called.

In connection with certain of our divestitures, there may be future claims and proceedings instituted or asserted against us relative to the period of our ownership or pursuant to indemnifications or guarantees provided in connection with the respective transactions. The estimated maximum potential amount of payments under these obligations is not determinable due to the significant number of divestitures and lack of a stated maximum liability for certain matters. In some cases, we have insurance coverage available to satisfy claims related to the divested businesses. We believe that payments, if any, in excess of amounts provided or insured related to such matters are not reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

Contingencies — We are a party to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on product liability claims and alleged violations of environmental laws. We have reviewed our pending judicial and legal proceedings, including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage and our established reserves for uninsured liabilities. We do not believe that it is reasonably possible that any losses from these matters, to the extent they exceed the recorded liabilities, will have a material adverse effect on our liquidity, financial condition or results of operations.

Asbestos-Related Product Liabilities — Since the mid-1980s, we have been a defendant in asbestos bodily injury litigation. For most of this period, our asbestos-related claims were administered by the Center for Claims Resolution (CCR), which settled claims for its member companies on a shared settlement cost basis. In February 2001, the CCR was reorganized and discontinued negotiating shared settlements. Since then, we have independently controlled our legal strategy and settlements. In August 2001, we retained Peterson Asbestos Consulting Enterprise (PACE), a subsidiary of Peterson Consulting, Inc., to administer our claims, bill our insurance carriers and assist us in claims negotiation and resolution.

At March 31, 2004, we had approximately 151,000 pending asbestos-related product liability claims, consisting of approximately 139,000 unresolved claims and approximately 12,000 claims settled pending payment (including 7,000 claims remaining from when we were a member of the CCR and 5,000 claims that we have settled subsequently). This compares to approximately 149,000 pending claims that we reported at December 31, 2003, consisting of approximately 139,000 unresolved claims and approximately 10,000 claims settled pending payment (including 7,000 claims remaining from when we were a member of the CCR and 3,000 claims we have settled subsequently).

At March 31, 2004, we had accrued $134 for indemnity and defense costs for contingent asbestos-related product liability claims and recorded $114 as an asset for probable recoveries from insurers for such claims, compared to $133 accrued for such liabilities and $113 recorded as an asset at December 31, 2003. We cannot estimate possible losses in excess of those for which we have accrued because we cannot predict how many additional claims may be brought against us in the future, the allegations in such claims or their probable outcomes.

At March 31, 2004, we had a net amount receivable from our insurers and others of $36 representing reimbursements for settled claims and related defense costs, compared to $33 at December 31, 2003. These receivables include billings in progress and amounts subject to alternate dispute resolution proceedings with certain of our insurers. Substantial progress has been made in those proceedings and we expect the outcome to be favorable. However, the amount receivable may increase until the proceedings are ultimately concluded.

Other Product Liabilities – At March 31, 2004, we had accrued $7 for contingent non-asbestos product liability costs, compared to $12 accrued at December 31, 2003, with no recovery expected from third parties at either date. The decline includes $3 attributable to settlement of an outstanding claim during the first quarter of 2004. If there is a range of equally probable outcomes, we accrue the lower end of the range. The difference between our minimum and maximum estimates for these liabilities was $8 at March 31, 2004 and $12 at December 31, 2003.

Environmental Liabilities — We estimate contingent environmental liabilities based on the most probable method of remediation, current laws and regulations and existing technology. Estimates are made on an undiscounted basis and exclude the effects of inflation. If there is a range of equally probable remediation methods or outcomes, we accrue the lower end of the range.

We are a potentially responsible party at the Hamilton Avenue Industrial Park Superfund site in New Jersey. The site has three “Operable Units.” We have estimated our potential financial exposure as less than $1 for Operable Unit 1 (based on the remediation that has been performed at this Unit and our assessment of the likely

allocation of costs among the potentially responsible parties) and as approximately $5 for Operable Unit 2 (based on our assessment of the possible remedies, most likely remediation method and likely allocation of costs among the potentially responsible parties). However, the EPA has identified an array of remedial alternatives for Operable Unit 2, the costs for which range from less than $1 up to nearly $200. While we cannot predict which remedial alternative the EPA will select, based on our assessment, we believe that the likelihood is remote that the costs allocated to us for this Unit will approach $200. We have not included any estimate for Operable Unit 3 in our cost projections as no site investigation for this Unit has yet been conducted and currently it is impossible to predict whether there will be a need for remedial action related to this Unit.

At March 31, 2004, we had accrued $78 for contingent environmental liabilities, compared to $77 at December 31, 2003, with no recovery expected from other parties at either date. The difference between our minimum and maximum estimates for these liabilities was $10 at both dates.

Other Liabilities — Some former CCR members have defaulted on the payment of their shares of some of the CCR-negotiated settlements and some of the settling claimants are seeking payment of the unpaid shares from Dana and the other companies that were members of the CCR at the time of the settlements. We have been working with the CCR, other former CCR member companies, our insurers and the claimants to resolve these issues. At March 31, 2004, we had recorded our estimated liability related to these matters of $48 and an estimated recoverable of $30. These amounts are unchanged from those recorded at December 31, 2003 and take into account the current status of negotiations with our insurers, including the status of alternate dispute resolution proceedings and consultations with outside counsel.

Assumptions — The amounts recorded for contingent asbestos-related liabilities and recoveries are based on assumptions and estimates derived from our historical experience and current information. If our assumptions about the nature of the pending unresolved bodily injury claims and the claims relating to the CCR-negotiated settlements, the costs to resolve those claims and the amount of available insurance and surety bonds prove to be incorrect, the actual amount of our liability for asbestos-related claims and the effect on the company could differ materially from our current expectations.

Restructuring

In October 2001, we announced the largest restructuring initiative in our history. These restructuring actions were designed to quicken the pace of reducing our capacity and fixed cost structure to generate improved margins at lower expected levels of production. As well, certain actions positioned us to complete the aforementioned divestiture of non-strategic businesses. The restructuring actions called for in the 2001 Plan have been substantially completed. See a discussion of these restructuring actions and the related impact on our condensed consolidated financial statements under Note 12.

Table of Contents

Critical Accounting Estimates

The preparation of interim financial statements involves the use of certain estimates that differ from those used in the preparation of the annual financial statements, the most significant of which relates to income taxes. For purposes of preparing our interim financial statements we utilize an estimated annual effective tax rate for ordinary items that is re-evaluated each period based on changes in the components used to determine the annual effective rate. When such changes are significant, adjustments to the effective annual rate are reflected in the interim period.

As discussed in Note 2 to the condensed consolidated financial statements, we adopted new accounting pronouncements on January 1, 2004. These pronouncements did not have a material effect on our financial position as of January 1, 2004 or our results of operations or cash flows for the three months ended March 31, 2004. Our critical accounting estimates, as described in our 2003 Form 10-K, were not materially affected by the new pronouncements.

Results of Operations (First Quarter 2004 versus First Quarter 2003)

Our manufacturing operations are organized into market-focused strategic business units. Our SBUs are Automotive Systems Group (ASG) and Heavy Vehicle Technologies and Systems Group (HVTSG). In March 2004, we announced the combining of the ASG and the Engine and Fluid Management Group (EFMG) under the ASG name. In December 2003, we announced our intention to sell substantially all of our automotive aftermarket business, which had been reported in prior periods as the Automotive Aftermarket Group (AAG) business segment. We have classified this business as a discontinued operation. The results of the discontinued operations are discussed more fully in a subsequent section. Our segment reporting for all periods has been restated to reflect these changes. After these changes, our segments are ASG, HVTSG and DCC.

Sales of our continuing operations by region for the first quarter of 2004 and 2003 were as follows:

Geographical Sales Analysis	Three Months Ended March 31,				Dollar Change Due To		
	2004	2003	Dollar Change	% Change	Currency Effects	Acquisitions/ Divestitures	Organic Change & Other
North America	**$1,594**	$1,409	$185	13%	$ 24		$161
Europe	**438**	361	77	21%	59	(1)	19
South America	**130**	86	44	51%	17		27
Asia Pacific	**149**	120	29	24%	25	(11)	15
	$2,311	$1,976	$335	17%	$125	$(12)	$222

Organic change is the residual change after excluding the effects of acquisitions, divestitures and currency movements. The strengthening of certain international

currencies against the U.S. dollar since the first quarter of 2003 played a significant role in increasing our 2004 sales. In North America, the stronger Canadian dollar was the primary factor. In Europe, the euro and the British pound strengthened, while in Asia Pacific the increase was led by the Australian dollar.

North American light vehicle production in the first quarter of 2004 declined approximately 1% when compared to the first quarter of 2003. This decline was driven by passenger car production as the light truck segment – which is our primary light-duty market – was up about 3%. Our North American sales also benefited from higher year-over-year production levels in both the medium-duty and heavy-duty commercial vehicle markets. The Class 8 commercial vehicle market in North America experienced an increase in production to 57,000 units in 2004 from 36,000 units in 2003. Also contributing to our sales growth in North America were a number of new vehicle programs which had come on stream since last year's first quarter.

Elsewhere in the world, stronger heavy truck and off highway production in Europe helped to offset soft light vehicle production, and South American domestic volumes began to strengthen as exports to the U.S. drove volumes higher when compared to last year. The organic sales growth in Asia Pacific related primarily to net new business gains in the light vehicle market by ASG.

Sales by segment for 2004 and 2003 are presented in the following table. DCC did not record sales in either year. The "Other" category in the table represents facilities that have been closed or sold and operations not assigned to the SBUs, but excludes discontinued operations.

Strategic Business Unit Sales Analysis	Three Months Ended March 31,				Dollar Change Due To		
	2004	2003	Dollar Change	% Change	Currency Effects	Acquisitions/ Divestitures	Organic Change & Other
ASG	**$1,712**	$1,507	$205	14%	$ 98	$(12)	$119
HVTSG	**578**	455	123	27%	26		97
Other	**21**	14	7	50%	1		6
	$2,311	$1,976	$335	17%	$125	$(12)	$222

ASG principally serves the light vehicle market, with some sales of driveshaft business to the original equipment commercial vehicle market. New business gains were the primary driver of organic growth in the ASG, due in part to new structural content on Ford's F-series pickup and Freestar minivan, and General Motors' Colorado pickup. Our axle business also contributed with new content on SUVs produced by BMW and Nissan. Sales also benefited from production levels, as ASG's primary market – the North American light truck market – was up about 3% compared to the first quarter of last year.

HVTSG focuses on the commercial vehicle and off-highway markets. More than 97% of HVTSG's sales are in North America and Europe. In the commercial vehicle markets in both North America and Europe, production levels were much stronger, with the North American Class 8 segment being up by more than half, as previously noted. Overall, off-highway production demands were also up in 2004, as some North American OEMs reported production increases exceeding 30% when compared to the first quarter of 2003. Production in Europe has stabilized at levels slightly below those of the same period a year ago.

Revenue from lease financing and other income was $14 in the first quarter of 2004 compared to $29 in the same period in 2003. The decline in lease revenue resulting from a $940 reduction in the lease portfolio since the end of 2001 accounted for the majority of the decline.

An analysis of our 2004 and 2003 gross and operating margins and selling, general and administrative expense is presented in the following table.

Gross and Operating Margin Analysis **Three Months Ended March 31,**	**As a Percentage of Sales**			
	2004	**2003**	**Increase / (Decrease)**	**% Change**
Gross Margin %:				
ASG	**9.15%**	9.35%	(0.20)%	(2.14)%
HVTSG	**11.56%**	11.07%	0.49%	4.43%
Consolidated	**8.78%**	8.75%	0.03%	0.34%
Selling, general and administrative expense %:				
ASG	**3.94%**	4.66%	(0.72)%	(15.45)%
HVTSG	**5.90%**	6.84%	(0.94)%	(13.74)%
Consolidated	**5.89%**	6.87%	(0.98)%	(14.26)%
Operating margin %:				
ASG	**5.22%**	4.69%	0.53%	11.30%
HVTSG	**5.66%**	4.22%	1.44%	34.12%
Consolidated	**2.89%**	1.88%	1.01%	53.72%

In the ASG, gross margins continue to be significantly affected by launch-related costs in our structures business. Significant front-end costs are typical in this business but 2003 was atypical in that we launched a greater number of programs in the year than is normal for us. Some of these are major programs with large volume – including the new Ford F-150 pick-up (the highest selling pick-up in North America) and the General Motors Colorado/Canyon pick-up – and the start-up costs were proportionately higher. Certain of these major programs experienced launch difficulties that resulted in higher than planned start-up costs during the second half of 2003 and into the first quarter of 2004. As a result, launch-related costs in the first quarter of 2004 approximated those experienced in the preceding quarter. Compared to last year's first quarter, the higher level of start-up activity in combination with the launch difficulties resulted in higher start-up costs of approximately $12. Actions have been taken to resolve the launch difficulties and we expect the incremental costs to dissipate in the second quarter, favorably impacting our gross margin as compared to this year's first quarter. Other factors that reduced gross margins were higher steel costs, higher pension and healthcare costs and customer price reductions. These margin reductions were partially offset by the benefits realized from prior restructuring initiatives, outsourcing of non-core manufacturing and other cost reduction initiatives and the margin associated with higher sales levels.

The HVTSG improvement in gross margins is due primarily to the 21% increase in organic sales.

The $136 total of consolidated selling, general and administrative (SG&A) expenses in the first quarter of 2004 is unchanged from the comparative period in 2003,

the net effect of numerous elements. Included is a $6 increase resulting from currency movement and a $4 upward movement in compensation expense related to marking certain of our deferred compensation units to market, as our share price declined $4.70 in the first quarter of 2003. SG&A expenses associated with our DCC operations continue to decline as we divest the assets of these operations.

	2004	2003	Dollar Change
Income before income taxes	**$33**	$9	$24

The positive effects of higher sales and improved gross margins combined with reduced interest expense to more than offset the drop in lease revenues. The net result was an improvement in income before taxes of $24 in 2004 when compared to the first quarter of last year. The decrease in interest expense in the first quarter of 2004 is due to both lower average interest rates and lower average debt outstanding.

	2004	2003	Dollar Change
Income tax benefits	**$3**	$12	$(9)

We experienced income tax benefits in the first quarter of both 2004 and 2003 that resulted in a net tax benefit significantly greater than the tax provision normally expected at a customary effective tax rate equal to the U.S. federal rate of 35%. Net tax benefits exceeded the amount expected by applying a 35% rate to income before taxes by $15 in both 2004 and 2003. A capital loss was generated in 2002 in connection with the sale of one of our subsidiaries. Since the benefit of these losses can only be realized by generating capital gains, a valuation allowance is recorded against the deferred tax asset representing the unused capital loss benefit. The valuation allowance is reduced upon the occurrence of transactions generating capital gains, or the determination that occurrence of such a transaction is probable and the impact estimable. The estimated annual effective tax rate estimated for interim tax purposes does not include any estimate for the utilization of the capital loss carryforward because we treat qualifying asset sales as discrete events. During the first quarter of 2004 and 2003, income tax benefits of $10 and $11, respectively, were recognized through release of valuation allowances against capital loss carryforwards.

Similarly, deferred tax assets relating to ordinary (not capital) operating losses generated in certain jurisdictions where realization is not more likely than not to occur are offset by valuation allowances. As income is forecasted in these jurisdictions, the income tax benefit is included as a component of the estimated annual tax rate applied in interim periods.

Discontinued Operations

In 2002, we announced plans to divest a number of businesses. By December 31, 2002, all of the planned divestitures announced in 2002 had been completed except for the Engine Management business (AAG), which was completed in the second quarter of 2003, and one plant of the Boston Weatherhead Division (EFMG), which was closed in early 2003. In 2003, we announced plans to divest substantially all of our automotive aftermarket business. At December 31, 2003, only the automotive aftermarket business

Table of Contents

remained to be sold. Each of these business components qualified as a discontinued operation under SFAS No. 144.

An analysis of the net sales and the income (loss) from discontinued operations of these businesses for the first quarter of 2004 and 2003 follows:

	2004	**Change Between Quarters**	**2003**
Net Sales:			
Automotive Aftermarket	**$510**	$ 43	$467
Engine Management		(67)	67
Boston Weatherhead		(13)	13
Total Discontinued Operations	**$510**	$(37)	$547
Income (Loss) from Discontinued Operations:			
Automotive Aftermarket	**$ 13**	$ 3	$ 10
Engine Management		5	(5)
Boston Weatherhead			
Total Discontinued Operations	**$ 13**	$ 8	$ 5

Although first quarter 2004 total sales of discontinued operations are 6.8% lower than the year earlier quarter, the decrease is due entirely to the completion of the Engine Management divestiture and closure of the last remaining facility of the Boston Weatherhead business in the second quarter of 2003. The automotive aftermarket business, which has been held for sale since the fourth quarter of 2003, saw its sales increase 9.2% in the first quarter of 2004 when compared to the same period in 2003. Favorable foreign currency effects and organic growth contributed equally to the increase.

Income from discontinued operations improved for the first quarter of 2004 when compared to the same period in 2003 because of two factors. First, the completion of the Engine Management divestiture and closure of the final Boston Weatherhead facility in the second quarter of 2003 had a favorable effect on the comparison since the combined businesses recognized a loss of $5 in the first quarter of 2003. Second, the 2004 sales increase in the automotive aftermarket business contributed higher incremental margins that favorably impacted net income. Foreign currency effects also contributed approximately $1 of the improvement.

Forward-Looking Information

Forward-looking statements in this report are indicated by words such as “anticipates,” “expects,” “believes,” “intends,” “plans,” “estimates,” “projects” and similar expressions. These statements represent our expectations based on current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our actual results could differ materially from those which are anticipated or projected due to a number of factors. These factors include national and international economic conditions; adverse effects from terrorism or hostilities; the strength of other currencies relative to the U.S. dollar; the cyclical nature of the global vehicular industry; the performance of the global aftermarket sector; changes in business relationships with our major customers and in the timing, size and continuation of our customers’ programs; the ability of our customers and suppliers to achieve their projected sales and production levels; competitive pressures on our sales and pricing; increases in production or material costs (including that of steel) that cannot be recouped in product pricing; our ability to complete the Automotive Aftermarket operations divestiture as contemplated; our success in completing our restructuring activities; the continued success of our cost reduction and cash management programs and of our long-term transformation strategy for the company; and other factors set out elsewhere in this report, including those discussed under the captions *Financing Activities* and *Contingencies* within Liquidity and Capital Resources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our exposures to market risk since December 31, 2003.

The financing activities of the first quarter of 2004 are described in Management’s Discussion and Analysis of Financial Condition and Results of Operations within this Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures — Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have evaluated Dana’s disclosure controls and procedures, as defined in the SEC rules, as of the end of the first quarter and have concluded that such controls and procedures are effective in providing reasonable assurance that material information relating to Dana and its consolidated subsidiaries was made known to them during the period covered by this report.

Internal Controls — Our CEO and CFO are responsible for the accuracy of the financial information that is presented in this report. To meet their responsibility for financial reporting, they have established internal control procedures which they believe are adequate to provide reasonable assurance that Dana’s financial statements are reliable and prepared in accordance with generally accepted accounting principles in the United States and that the company’s assets are protected from loss. These procedures are reviewed by Dana’s internal auditors in order to monitor compliance and by the independent auditors as necessary to support their audit work. In addition, our Audit Committee, which is composed entirely of independent directors, meets regularly with management, our internal auditors and the independent auditors to review accounting, auditing and financial matters. The Audit Committee and the independent auditors have free access to each other, with or without management being present.

In the first quarter, we continued our review of our internal control documentation in preparation for management’s assessment of internal control over financial reporting and the accompanying independent auditors’ attestation report that will be a part of our annual report on Form 10-K for the fiscal year ended December 31, 2004.

There were no changes in Dana’s internal controls over financial reporting identified in connection with the evaluation by the CEO and CFO that occurred during Dana’s first quarter that have materially affected or are reasonably likely to materially affect Dana’s internal controls over financial reporting.

Table of Contents

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are a party to various pending judicial and administrative proceedings arising in the ordinary course of business. After reviewing the proceedings that are currently pending (including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage, and our established reserves for uninsured liabilities), we do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

Environmental Proceedings. In prior reports, we have discussed an environmental matter in which the U.S. Department of Justice (DOJ) proposed a consent decree and a fine in connection with alleged violations of the U.S. Clean Water Act at our facility at Harvey Street, Muskegon, Michigan. As previously reported, we submitted a proposal to the DOJ to undertake certain supplemental environmental projects to reduce or offset the amount of the proposed fine. The DOJ has reviewed our proposal and, in the first quarter of 2004, taking into account some of these projects and other mitigating factors, reduced the proposed fine from $0.7 to $0.15. Discussions with the DOJ are continuing.

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

The results of voting by shareholders present in person or represented by proxy at our annual meeting on April 19, 2004, are as follows.

Proposal 1. Election of Directors. The following persons were elected to serve as directors of Dana until the next annual meeting or until their successors are elected:

	Votes For	Votes Withheld
B. F. Bailar	118,023,950	8,021,242
A. C. Baillie	117,319,483	8,725,709
D. E. Berges	121,534,991	4,510,201
M. J. Burns	119,377,778	6,667,414
E. M. Carpenter	118,059,793	7,985,399
S. G. Gibara	121,396,698	4,648,494
C. W. Grisé	120,232,607	5,812,585
G. H. Hiner	112,894,902	13,150,290
J. P. Kelly	120,243,961	5,801,231
M. R. Marks	121,402,760	4,642,432
R. B. Priory	117,299,394	8,745,798

Proposal 2. Approval of the Dana Corporation Additional Compensation Plan, as Amended and Restated. The amended and restated Plan was approved. There were 119,031,009 votes approving the Plan, 5,729,892 votes against, 1,284,291 votes abstaining and no broker non-votes.

Proposal 3. Approval of the Dana Corporation Employees' Stock Purchase Plan, as Amended and Restated. The amended and restated Plan was approved, including the purchase of up to 12 million shares of Dana common stock by the Plan Custodian for the accounts of participants during the 10-year Plan term which expires on December 31, 2013. There were 98,819,500 votes approving the Plan, 11,932,931 votes against, 1,078,464 votes abstaining and 14,214,297 broker non-votes.

Proposal 4. Approval of Amendments to the Dana Corporation Amended and Restated Stock Incentive Plan. The amendments to the Plan were approved. There were 96,982,995 votes approving the amendments, 13,679,895 votes against, 1,168,005 votes abstaining and 14,214,297 broker non-votes.

Proposal 5. Ratification of Selection of Independent Auditors. The selection of PricewaterhouseCoopers LLP as Dana's independent auditors for fiscal year 2004 was ratified. There were 118,814,564 votes for ratification, 6,394,593 votes against, 836,035 votes abstaining and no broker non-votes.

ITEM 5. OTHER INFORMATION

On April 21, 2004, we filed our first quarter press release and supporting financial schedules, along with the slides from our conference call held that day, on Form 8-K. These financial schedules and slides included financial information of Dana Corporation, with Dana Credit Corporation (DCC), a wholly owned subsidiary, presented on an equity basis. This format conforms to the information presented and discussed in the segment disclosures included in our quarterly and annual financial statements. DCC's financial business is not homogeneous with our manufacturing operations, its financing activities do not support the sales of our other operating segments and its performance measures are inconsistent with those of our other operating segments. The presentation of our financial information with DCC shown as our equity affiliate is not in accordance with generally accepted accounting principles in the United States. Accordingly, all such information presented in this manner is fully reconciled in supplementary schedules included in the 8-K filing.

In connection with the planned sale of our automotive aftermarket business, we have entered into a Retention Agreement with Terry R. McCormack, AAG President, which provides for the payment of certain compensation to Mr. McCormack upon completion of the sale. Such compensation is in lieu of incentive compensation which he might otherwise have been eligible to receive as a senior executive, if the business were not for sale. A copy of the Agreement is filed as an exhibit to this report.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The Exhibits listed in the “Exhibit Index” at page 39 are filed with or furnished as a part of this report. Exhibits Nos. 10-A through 10-M are management contracts or compensatory plans or arrangements.

(b) We filed the following reports on Form 8-K during the first quarter of 2004:

(1) A report dated February 4, 2004, announcing the appointment of Michael J. Burns as Chief Executive Officer, President and a director of Dana; the appointment of Glen H. Hiner as Chairman of the Board; and the retirement of William J. Carroll, Acting President and Chief Operating Officer.

(2) A report dated February 11, 2004, furnishing copies of a press release issued on that date announcing Dana’s earnings for the fiscal quarter and year ended December 31, 2003, and a slide presentation to be used during a conference call on that date by Dana’s Chairman, Glen H. Hiner, and Chief Financial Officer, Robert C. Richter.

Table of Contents

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: April 29, 2004

/s/ Robert C. Richter

Robert C. Richter
Chief Financial Officer

[Table of Contents]

EXHIBIT INDEX

NO.	DESCRIPTION	METHOD OF FILING
3-B	By-Laws, adopted April 20, 2004	Filed with this report
10-A	Additional Compensation Plan, as amended and restated	Filed by reference to Exhibit A to our Proxy Statement dated March 12, 2004
10-B(2)	Second Amendment to Amended and Restated Stock Incentive Plan	Filed by reference to Exhibit C to our Proxy Statement dated March 12, 2004
10-D(1)	First amendment to the Dana Director Deferred Compensation Plan	Filed with this report
10-M	Retention Agreement between Dana and T.R. McCormack	Filed with this report
31-A	Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer	Filed with this report
31-B	Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer	Filed with this report
32	Section 1350 Certifications	Furnished with this report

Exhibit 3-B

BY-LAWS OF DANA CORPORATION

ARTICLE I. EFFECTIVE DATE

1.1 EFFECTIVE DATE. These By-Laws are adopted by the Board of Directors (the Board) of Dana Corporation (Dana) effective April 20, 2004.

ARTICLE II. OFFICES

2.1 REGISTERED OFFICE. Dana's registered office shall be the law office of Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

2.2 PRINCIPAL 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. SHAREHOLDERS' MEETINGS

3.1 ANNUAL AND SPECIAL MEETINGS.

(a) ANNUAL MEETINGS. An annual meeting of shareholders to elect directors and conduct such other business as is properly presented shall be held each year at such date, time and place as the Board may fix.

(b) SPECIAL MEETINGS. A special meeting of shareholders may be called by the Board (acting by a majority of directors when a quorum is present, as provided in Section 4.6), the Chairman of the Board 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. Only business within the purpose(s) described in the meeting notice shall be conducted at the meeting.

(c) RECORD DATE. The date for determining shareholders entitled to receive notice of and to vote at each annual and special meeting and any adjournments or postponements thereof shall be fixed in accordance with applicable provisions of the Virginia Stock Corporation Act (Virginia Law), the Securities Exchange Act of 1934, as amended (the Exchange Act), the rules and regulations promulgated by the Securities and Exchange Commission (SEC) under the Exchange Act (the SEC Rules) and the rules and standards of the New York Stock Exchange (NYSE Rules).

3.2 NOTICE OF MEETINGS.

(a) TIMING OF NOTICE. A notice stating the place, day and hour of every meeting of the shareholders and, in case of a special meeting, the purpose(s) for which the meeting is called, shall be mailed to each shareholder of record entitled to vote at such meeting at the address that appears on Dana's share transfer books. Such notice shall be given not less than ten or more than 60 calendar days before the date of the meeting, except that a notice of a shareholders' meeting to act on an amendment of Dana's Articles of Incorporation (Dana's Articles), a plan of merger, share exchange, domestication or entity conversion, a proposed sale of all or substantially all of Dana's assets otherwise than in the usual and regular course of business, or the dissolution of Dana shall be given not less than 25 or more than 60 calendar days before the date of the meeting and shall be

accompanied, as appropriate, by a copy of the proposed amendment, plan of merger, share exchange, domestication, entity conversion or sale agreement.

(b) ELECTRONIC TRANSMISSION. Without limiting the manner by which notice of a shareholders' meeting may otherwise be given effectively to shareholders, any notice to shareholders given by Dana under any provision of Virginia Law or Dana's Articles or By-Laws shall be effective if given by a form of electronic transmission consented to by the shareholder to whom the notice is given. Any such consent shall be revocable by the shareholder by written notice to the Secretary, delivered to Dana's principal business office. Any consent shall be deemed revoked if Dana is unable to deliver by electronic transmission two consecutive notices given in accordance with such consent and such inability becomes known to the Secretary, the transfer agent or other person responsible for the giving of notice, provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 3.2(b) shall be deemed given (i) if by facsimile telecommunication, when directed to a number at which the shareholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the shareholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the shareholder of such specific posting, when such notice is directed to the record address of the shareholder or to such other address at which the shareholder has consented to receive notice, upon the later of such posting or the giving of such separate notice; and (iv) if by any other form of electronic transmission, when consented to by the shareholder.

(c) POSTPONEMENT AND CANCELLATION. The Board may postpone or cancel any shareholders' meeting at any time prior to the designated meeting date by means of a press release distributed through PR Newswire or a comparable national news service or by means of a document filed with the SEC (in either case, a Public Announcement).

3.3 SHAREHOLDER NOMINATIONS TO BE PRESENTED AT ANNUAL MEETINGS. Shareholder nominations for directors to be presented at an annual shareholders' meeting must comply with such requirements as may be imposed by Virginia Law, the Exchange Act and the SEC Rules, and, to the extent not inconsistent with the foregoing, the following procedures.

(a) DELIVERY. The nomination must be in writing and addressed and delivered to the Chairman of the Governance and Nominating Committee, at Dana's principal business office, before the close of business on the 90th calendar day before the anniversary date of the previous year's annual meeting (or, if the meeting is called for a date not within 30 calendar days before or after such anniversary date, before the close of business on the tenth calendar day following the date on which Dana first mails the notice of the meeting or makes a Public Announcement of the meeting date, whichever occurs first).

(b) CONTENTS. The nomination must include the following information and representations:

(i) the names and addresses of the shareholders of record (as they appear on Dana's share transfer books) and all beneficial owners on whose behalf the nomination is made;

(ii) the class and number of Dana shares which are owned of record and beneficially by the nominating shareholders;

(iii) such information about the nominee as would be required to be disclosed under the Exchange Act and the SEC Rules;

(iv) a description of all understandings and arrangements between the nominating shareholders and any other person or entity in connection with the nomination;

(v) the nominee's written consent to serve as a director if elected;

(vi) a representation that the nominating shareholders intend to appear in person or by qualified representative at the meeting to present the nomination; and

(vii) a representation stating whether the nominating shareholders intend, or are part of a group that intends, to solicit proxies from other shareholders in support of the nomination.

3.4 SHAREHOLDER PROPOSALS TO BE CONSIDERED FOR INCLUSION IN DANA'S PROXY MATERIALS FOR ANNUAL MEETINGS. Shareholder proposals to be considered for inclusion in Dana's proxy materials for an annual shareholders' meeting must constitute a proper matter for shareholder action and comply with such requirements as may be imposed by Virginia law, the Exchange Act and the SEC Rules, and, to the extent not inconsistent with the foregoing, the following procedures.

(a) DELIVERY. The proposal must be in writing and addressed and delivered to the Chairman of the Governance and Nominating Committee, at Dana's principal business office, before the close of business on the 120th calendar day before the date of Dana's proxy statement released to shareholders in connection with the previous year's annual meeting (or, if the meeting is called for a date not within 30 calendar days before or after such anniversary date, a reasonable time before Dana begins to print and mail its proxy materials).

(b) CONTENTS. The proposal must include the following information and representations:

(i) the names and addresses of the shareholders of record (as they appear on Dana's share transfer books) and all beneficial owners on whose behalf the proposal is made;

(ii) the class and number of Dana shares which are owned of record and beneficially by the proposing shareholders;

(iii) the text of the proposal (including the text of any resolutions proposed for consideration, and, if the proposal relates to an amendment of Dana's Articles or By-Laws, the language of the proposed amendment) and such other information about the proposal as would be required to be disclosed under the Exchange Act and the SEC Rules;

(iv) a representation that the proposing shareholders intend to appear in person or by qualified representative at the meeting to present the proposal; and

(v) a representation stating whether the proposing shareholders intend, or are part of a group that intends, to solicit proxies from other shareholders in support of the proposal.

3.5 OTHER SHAREHOLDER PROPOSALS TO BE PRESENTED AT ANNUAL MEETINGS. Shareholder proposals other than those described in Section 3.4 which are intended to be presented at an annual shareholders' meeting must (i) constitute a proper matter for shareholder action; (ii) be in writing and delivered to the Chairman of the Governance and Nominating Committee, at Dana's principal business office, before the close of business the 90th calendar day before the anniversary date of the previous year's annual meeting (or, if the meeting is called for a date not within 30 calendar days before or after such anniversary date, before the close of business on the tenth calendar day following the date on which Dana mails the notice of the meeting or makes a Public Announcement of the meeting date, whichever occurs first) and (iii) include the information and representations described in Section 3.4(b).

3.6 DIRECTOR NOMINATIONS AND SHAREHOLDER PROPOSALS TO BE PRESENTED AT SPECIAL MEETINGS. Shareholder nominations for directors to be voted on at any special shareholders' meeting at which directors are to be elected, and shareholder proposals related to the business to be conducted at any special meeting, must be in writing and delivered to the Chairman of the Governance and Nominating Committee, at Dana's principal business office, before the close of business on the tenth calendar day following the date on which Dana first mails the notice of the meeting or makes a Public Announcement of the meeting date, whichever occurs first. Such director nominations must include the information and representations described in Section 3.3(b) and such shareholder proposals must constitute a proper matter for shareholder action and include the information and representations described in Section 3.4(b).

3.7. CONDUCT OF SHAREHOLDERS' MEETINGS.

(a) MEETING CHAIRMAN. Shareholders' meetings shall be chaired by the Chairman of the Board or by such person as he or she may designate (in either event, the Meeting Chairman), provided that, in the absence of the Chairman of the Board or such delegate, the Secretary or such person as the Secretary may designate shall serve as the Meeting Chairman.

(b) MEETING PROCEDURES. Subject to any applicable provisions of Virginia Law, the Exchange Act, the SEC Rules, Dana's Articles and other provisions of these By-Laws, the Meeting Chairman shall have the authority and duty:

(i) to determine and announce the rules of procedure for each shareholders' meeting and to rule on all procedural questions that may arise during or in connection with the meeting; and

(ii) to determine whether any nomination or business proposed to be brought before the meeting has been properly brought (including whether any nominating or proposing shareholders, or the group of which they are a part, did or did not solicit proxies in support of the nomination or proposal in compliance with their representations) and, if the nomination or business has not been properly brought before the meeting, or, if applicable, the nominating or proposing shareholders or their qualified representatives do not appear before the meeting to present the nomination or proposal, to declare that the nomination or proposal be disregarded.

(c) VOTING PROCEDURES. Any shareholder vote to be taken by written ballot may be satisfied by a ballot submitted by electronic transmission by the shareholder or the shareholder's proxy, provided that any such electronic transmission shall either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the shareholder or the shareholder's proxy.

(d) ADJOURNMENTS. The Meeting Chairman, or the holders of a majority of the shares represented at any shareholders' 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 calendar days and the new date, time and place are announced at the adjourned meeting before adjournment. Otherwise, notice shall be given in accordance with Virginia Law and these By-Laws.

ARTICLE IV. BOARD OF DIRECTORS

4.1 AUTHORITY OF THE BOARD. 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.

4.2 NUMBER AND TERM OF DIRECTORS.

(a) NUMBER AND TERM. Dana shall have such number of directors as the Board shall fix from time to time. 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 resignation or removal.

(b) RESIGNATION. A director may resign at any time by giving written notice to any member of the Board or the Board Chairman or 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 applicable contract.

(c) VACANCIES. The Board may fill Board vacancies, including those resulting from director resignations or from an increase in the number of directors fixed by the Board, by majority vote of the remaining directors, whether or not such number constitutes a quorum.

4.3 CHAIRMAN OF THE BOARD. The Board shall elect a Chairman (the Board Chairman) from its members, to provide leadership to the Board in discharging its functions; set the Board meeting schedule and agenda; preside at all meetings of the Board; act as a liaison between the Board and Dana's management; and, with the Chief Executive Officer, represent Dana to shareholders, investors and other external groups. The Board Chairman shall serve at the pleasure of the Board and may be removed from office by the Board at any time. If the Board Chairman is unable to perform his or her duties due to illness, incapacity or for any other reason, the Chairman of the Governance and Nominating Committee (or the committee performing the equivalent functions) shall have his or her power and duties unless the Board designates another director to serve as Board Chairman.

4.4 BOARD MEETINGS.

(a) 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 in the manner provided in Section 4.5(a).

(b) SPECIAL MEETINGS. The Board Chairman or a majority of the directors then in office may call a special meeting of the Board at any date, time and place by causing the Secretary to give notice thereof to all directors in the manner provided in Section 4.5(a). Neither the purpose of the meeting nor the business to be transacted need be specified in the notice of meeting, except for a proposed amendment to Dana's By-Laws.

(c) EXECUTIVE SESSIONS. An executive session of non-management directors shall be held without Dana management in conjunction with each regular Board meeting. The executive sessions shall be chaired by the non-management Committee chairmen in rotation. If the non-management directors include any directors who are not "independent" as defined in the NYSE Rules, then at least once a year there shall be an executive session comprised solely of such "independent" directors.

(d) PARTICIPATION IN MEETINGS. Directors may participate in any Board meeting by any means of communication by which all directors participating may simultaneously hear each other during the meeting and directors participating by this means shall be deemed to be present in person at the meeting.

4.5 NOTICE OF BOARD MEETINGS.

(a) MANNER OF GIVING NOTICE. Notices required under Sections 4.4(a) and (b) shall be given to directors by means of (i) a written notice mailed at least five calendar days before the meeting, (ii) a written notice delivered in person, by recognized courier service or by telecopy or facsimile at least one business day before the meeting, or (iii) by telephone notification given at least 12 hours before the meeting. Notices hereunder may be given by a form of electronic transmission consented to by the director to whom the notice is given. Any such consent of a director shall be revocable by the director by written notice to the Secretary. Any such consent shall be deemed revoked if (i) Dana is unable to deliver by electronic transmission two consecutive notices given by Dana in accordance with such consent and (ii) such inability becomes known to the Secretary or other person responsible for the giving of notice, provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. A notice given by electronic transmission shall be deemed given (i) if by facsimile telecommunication, when directed to a number at which the director has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the director has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the director of such specific posting when such notice is directed to an address at which the director has consented to receive notice, upon the later of such posting or the giving of such separate notice; and (iv) if by any other form of electronic transmission, when consented to by the director.

(b) WAIVER OF NOTICE. A director may waive any notice of meeting required under Virginia Law or Dana's Articles or 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 of the meeting unless the director objects, at the beginning of the meeting or promptly upon his or her arrival, to holding the meeting or to transacting business at the meeting and thereafter does not vote on or assent to actions taken at the meeting.

4.6 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.

4.7 BOARD 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 and filed with the minutes of the meeting. 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 shall be effective as of the date specified therein, provided that the consent states the date of execution by each director.

ARTICLE V. BOARD COMMITTEES

5.1 CREATION OF COMMITTEES. The Board may create and dissolve Board Committees as it deems appropriate, provided that there shall at all times be an Audit Committee, a Compensation Committee and a Governance and Nominating Committee, or committees performing the equivalent functions.

5.2 COMMITTEE CHARTERS. The Board shall adopt a charter for each Committee (other than ad hoc Committees formed for limited purposes and duration) setting out the Committee's purpose, organization, responsibilities and authority. The Board shall review such charters at least annually and may amend the charters from time to time, as it deems appropriate. Each Committee shall exercise such of the Board's powers as are authorized by the Board, subject to any limitations imposed by Virginia Law.

5.3 COMMITTEE MEMBERS AND CHAIRMAN. The Board shall appoint members of the Board to serve as members of the Committees and shall appoint a chairman for each Committee. The Board may remove or change the Committee members and chairmen as it deems appropriate, fill vacancies on the Committees and designate any other Board member to act in the place of any Committee member who is absent or disqualified from voting at any Committee meeting, provided that each Committee shall have at least such number of members as may be required by Virginia Law and the NYSE Rules, and that the members of the Audit, Compensation and Governance and Nominating Committees (or the committees performing equivalent functions) shall meet such independence, expertise and other requirements as are applicable under the SEC Rules and the NYSE Rules.

5.4 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 4.5 through 4.7 (which govern meetings, notices and waivers of notice, actions without meeting, and quorum and voting requirements for the Board and its members) 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.

ARTICLE VI. OFFICERS

6.1 APPOINTMENT AND TENURE OF OFFICERS.

(a) APPOINTED OFFICERS. The Board shall appoint employees of Dana to serve in the offices listed in Section 6.2 and may establish such other offices (including assistant and subordinate offices) and appoint such Dana employees to serve in those offices as it deems appropriate. Any individual may simultaneously hold more than one office. Each appointed officer shall hold office until the appointment and qualification of his or her successor, or until his or her earlier resignation or removal. Appointment as an officer shall not, of itself, create any contractual rights in the individual or in Dana, including, without limitation, any rights in the individual for compensation beyond his or her term of office.

(b) INCAPACITY. If any appointed officer is unable to perform his or her duties due to illness, incapacity or for any other reason, the Board may remove the individual from office or designate another person to serve in his or her place for so long as the Board deems appropriate. The Board may make such designations in advance.

(c) REMOVAL AND RESIGNATION. The appointed officers shall serve at the pleasure of the Board and may be removed from office by the Board at any time, with or without cause. An officer may resign at any time by giving written notice to the Board 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 Dana's contractual rights (if any) with the officer.

6.2 OFFICERS AND DUTIES. The appointed officers shall perform the duties set forth herein and such other duties as may be required by Virginia Law and/or are commonly incident to their offices.

(a) CHIEF EXECUTIVE OFFICER. The Chief Executive Officer (CEO) shall be Dana's principal executive officer, with responsibility for the general management of Dana's business affairs. The CEO shall (i) 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 shall provide Dana with an effective management team; (ii) serve as Dana's chief spokesperson to internal and external groups; and (iii) have such other duties as are assigned by the Board from time to time.

(b) CHIEF OPERATING OFFICER. The Chief Operating Officer shall (i) 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 and (ii) have such other duties as are assigned by the Board, the Board Chairman and/or the CEO from time to time.

(c) PRESIDENT. The President shall have such duties as are assigned by the Board, the Board Chairman and/or the CEO from time to time.

(d) CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall be Dana's principal financial officer and shall (i) be responsible for the overall management of Dana's financial affairs and (ii) have such other duties as are assigned by the Board, the Board Chairman and/or the CEO from time to time.

(e) TREASURER. The Treasurer shall (i) have charge and custody of Dana's funds and securities, (ii) 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, and (iii) have such other duties as are assigned by the Board, the Board Chairman and/or the CEO from time to time.

(f) SECRETARY. The Secretary shall (i) prepare and maintain minutes of all meetings of the Board and of Dana's shareholders; (ii) assure that notices required by Dana's Articles and By-Laws, Virginia Law or the Exchange Act are duly given; (iii) be custodian of Dana's seal (if any) and affix it as required; (iv) authenticate Dana's records as required; (v) keep or cause to be kept a register of the shareholders' names and addresses as furnished by them; (vi) have general charge of Dana's share transfer books; and (vii) have such other duties as are assigned by the Board, the Board Chairman and/or the CEO from time to time.

(g) OTHER APPOINTED OFFICERS. Any other officers (including assistant and subordinate officers) appointed by the Board shall have such duties as are assigned by the Board, the Board Chairman and/or the CEO from time to time (and, in the case of assistant and subordinate officers, by the officers to whom they report).

6.3 AUTHORITY OF OFFICERS.

(a) CONTRACTS AND INSTRUMENTS. Each of officers listed in Section 6.2(a) through (f), and such other individuals as the Board may authorize from time to time by resolution, 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.

(b) SECURITIES OF OTHER ENTITIES. With respect to securities issued by another entity which are beneficially owned by Dana, each of the officers listed in Section 6.2(a) through (f), shall have the power (i) to attend any meeting of security holders of the entity and vote at such meeting; (ii) to execute in the name and on behalf of Dana such written proxies, consents, waivers or other instruments as he or she deems necessary or proper to exercise Dana's rights as a security holder of the entity; and (iii) otherwise to exercise all powers to which Dana is entitled as the beneficial owner of the securities.

(c) DELEGATION OF AUTHORITY. Except as otherwise provided by law, each of the officers listed in Section 6.2(a) through (f) may delegate any of his or her powers to any other officer, employee or attorney-in-fact of Dana by written power of attorney.

ARTICLE VII. INDEMNIFICATION

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 Article SIXTH of Dana's Articles: (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 Article SIXTH of Dana's Articles shall apply to the indemnification granted hereunder.

ARTICLE VIII. DANA STOCK

8.1 TRANSFER AGENTS AND REGISTRARS. The Board shall appoint one or more transfer agents and registrars for Dana stock which the Board has authorized for issuance. Such agents shall serve at the Board's pleasure and may be removed by the Board at any time.

8.2 STOCK CERTIFICATES. The Board 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.

8.3 DIVIDENDS. The Board shall determine when to pay dividends on outstanding shares of Dana stock, including the amount of each dividend, the form of payment (cash or stock) and the dividend record and payment dates.

8.4 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.

ARTICLE IX. RIGHTS AGREEMENT

9.1 RIGHTS AGREEMENT. Any restrictions which are deemed to be imposed on the transfer of Dana securities by the Rights Agreement dated as of April 25, 1996, between Dana and The Bank of New York (successor Rights Agent to Chemical Mellon Shareholder Services, L.L.C.), or by any successor or replacement rights plan or agreement, are hereby authorized.

ARTICLE X. CONTROL SHARE ACQUISITIONS

10.1 CONTROL SHARE ACQUISITIONS. Article 14.1 of the Virginia Stock Corporation Act shall not apply to the acquisition of shares of Dana stock.

ARTICLE XI. GENERAL

11.1 RELIANCE ON BOOKS AND RECORDS AND EXPERTS. Unless he or she has knowledge or information concerning the matter in question that makes reliance unwarranted, any Dana director or officer is entitled to rely on information, opinions, reports or statements (including financial statements and other financial data) which are prepared or presented by (i) one or more officers or employees of Dana whom the director or officer believes, in good faith, to be reliable and competent in the matters presented or (ii) legal counsel, public accountants or other persons as to matters which the director or officer believes, in good faith, are within the individual's professional or expert competence.

ARTICLE XII. BY-LAW AMENDMENTS

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

ARTICLE XIII. EMERGENCY BY-LAWS

13.1. WHEN INVOKED. This Article XIII (the Emergency By-Laws) shall be operative during any Emergency (as defined herein), notwithstanding any different provision in the preceding Articles of these By-Laws, Dana's Articles or Virginia Law (other than Virginia Law provisions relating to emergency by-laws). An Emergency shall exist when a quorum of the Board cannot readily be assembled pursuant to Sections 4.4 and 4.5 because of a catastrophic event. To the extent not inconsistent with these Emergency By-Laws, the provisions of the preceding Articles of these By-Laws shall remain in effect during any Emergency and, upon the termination of the Emergency, these Emergency By-Laws shall cease to be operative unless and until another Emergency shall occur.

13.2 APPLICATION. During any Emergency:

(a) NOTICE. Any director or any officer listed in Section 6.2(a) through (f) may call a meeting of the Board. The notice of such meeting shall specify the date, time and place of the meeting and, to the extent feasible, shall be given in accord with Section 4.5, provided, however, that the notice may be given only to such of the directors as it may be feasible to reach at the time, by such means as may be feasible at the time, including publication or radio, and at a time less than 12 hours before the meeting if deemed necessary by the person giving notice. Notice shall be similarly given, to the extent feasible, to the other persons referred to in Section 13.2(b).

(b) MEETINGS. At any meeting of the Board pursuant to these Emergency By-Laws, a quorum shall consist of a majority of directors then in office. If the directors present at any particular meeting are fewer than the number required for such quorum, other persons present as referred to below, to the number necessary to make up such quorum, shall be deemed directors for such particular meeting, as determined by the following provisions and in the following order of priority:

(i) the officers listed in Section 6.2(a) through (f), in the order of their seniority of first election to such offices, or if two or more shall have been first elected to such offices on the same day, in the order of their seniority in age; and

(ii) any other persons that are designated on a list that shall have been approved by the Board before the Emergency, such persons to be taken in such order of priority and subject to such conditions as may be provided in the resolution approving the list.

(c) LINES OF SUCCESSION. Before or during any Emergency, the Board may provide for, and from time to time modify, lines of succession in the event that during the Emergency, any or all officers of Dana shall for any reason be rendered incapable of discharging their duties.

(d) PRINCIPAL OFFICE. Before or during any Emergency, the Board may change Dana's principal business office or designate several alternative offices, or may authorize any of the officers listed in Section 6.2(a) through (f) so to do.

(e) LIABILITY. No Dana director, officer or employee shall be liable for action taken in good faith in accordance with these Emergency By-Laws.

(f) REPEAL OR AMENDMENT. These Emergency By-Laws shall be subject to repeal or amendment by action of the Board or the shareholders, except that no such repeal or change shall modify the provisions of Section 13.2(e) with regard to any action or inaction prior to the time of such repeal or change. Any such amendment of these Emergency By-Laws may make any further or different provision that may be practical and necessary for the circumstances of the Emergency.

Exhibit 10-D(1)

FIRST AMENDMENT TO THE DANA CORPORATION DIRECTOR DEFERRED FEE PLAN

Pursuant to resolutions of the Board of Directors adopted on April 20, 2004, the Dana Corporation Director Deferred Fee Plan (the "Plan") is hereby amended as follows, effective as of that date.

1. Section 3.2 of the Plan is amended by deleting the second sentence and replacing it in its entirety as follows:

> On each Grant Date, commencing in 2004, each Director shall have his Stock Account credited with a number of Units equivalent to the number of whole shares of Stock which could have been purchased for the dollar amount of $75,000, assuming a purchase price equal to the average of the high and low trading prices of the Stock on the Grant Date as reported in the New York Stock Exchange Composite Transactions.

2. Section 4.2 of the Plan is amended by deleting the definition of "Change in Control of the Corporation" and replacing it in its entirety as follows:

> For purposes of this paragraph, a "Change in Control of the Corporation" shall mean the first to occur of any of the following events:
>
> (i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the Corporation's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with any acquisition by any corporation pursuant to a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below; or
>
> (ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on April 20, 2004, constitute the Board (the "Incumbent Board") and any new director whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on April 20, 2004, or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation, shall not be treated as a member of the Incumbent Board; or
>
> (iii) there is consummated a merger, reorganization, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any direct or indirect subsidiary of the Corporation, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each a "Business Combination"), in each case unless, immediately

following such Business Combination, (A) the voting securities of the Corporation outstanding immediately prior to such Business Combination (the "Prior Voting Securities") continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of the Business Combination or any parent thereof) at least 50% of the combined voting power of the securities of the Corporation or such surviving entity or parent thereof outstanding immediately after such Business Combination, (B) no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation or the surviving entity of the Business Combination or any parent thereof (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of the combined voting power of the securities of the Corporation or surviving entity of the Business Combination or the parent thereof, except to the extent that such ownership existed immediately prior to the Business Combination and (C) at least a majority of the members of the board of directors of the Corporation or the surviving entity of the Business Combination or any parent thereof were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation.

Notwithstanding the foregoing, any disposition of all or substantially all of the assets of the Corporation pursuant to a spinoff, splitup or similar transaction (a "Spinoff") shall not be treated as a Change in Control of the Corporation if, immediately following the Spinoff, holders of the Prior Voting Securities immediately prior to the Spinoff continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding securities of both entities resulting from such transaction, in substantially the same proportions as their ownership, immediately prior to such transaction, of the Prior Voting Securities; provided, that if another Business Combination involving the Corporation occurs in connection with or following a Spinoff, such Business Combination shall be analyzed separately for purposes of determining whether a Change in Control of the Corporation has occurred.

3. Section 9 of the Plan is amended by deleting the caption and first sentence and replacing them in their entirety as follows:

EFFECTIVE DATE AND TERM. The Plan, as amended, shall become effective on April 2, 2003, and shall have a ten-year term commencing on such effective date and expiring on April 1, 2013.

DANA CORPORATION

By: /s/ R. B. Priory

Chairman of the Compensation Committee
of the Board of Directors

Exhibit 10-M

March 12, 2004

Terry McCormack
President, Automotive Aftermarket Group
Dana Corporation
4500 Dorr Street
Toledo, OH 43615

Dear Terry:

On behalf of Dana Corporation ("Dana"), I am pleased to inform you that Dana intends to provide you with a Retention Incentive Payment and Severance Payment to provide a financial incentive for you to remain employed with the Business, to encourage your active participation and full preparedness during the sale process, to encourage you to promote the value characteristics of the Business, and to allow the Business to retain your valuable services in this time of transition, on the terms and conditions set forth in this letter (the "Agreement").[1]

BACKGROUND. As you know, Dana is intending to sell its interest in substantially all of the assets of the Business. This sale of the Business and the uncertainty it will create will understandably and quite naturally cause valued employees such as yourself to be concerned about their careers and to consider making changes. Subject to the terms below, you will be eligible to receive a Retention Incentive Payment and a Severance Payment to assure your assistance in selling the Business. Upon the sale of the Business, you will have the option of staying employed with Dana or accepting a position with the Buyer. If you elect to stay employed with Dana, you will not be guaranteed a position at the same level of your current employment. However, Dana will make reasonable efforts to find a comparable position for you.

RETENTION INCENTIVE PAYMENT. In accordance with the terms and conditions described below, Dana will pay you a Retention Incentive Payment equal to up to two (2) times your annual base salary in effect on the Closing Date or, if the Business Units are sold in two separate transactions, the First Closing Date, or the Second Closing Date, whichever is applicable.

Single Transaction.

In the event that the Business is sold in a single transaction, Dana will pay you the Retention Incentive Payment in two equal installments. The first installment, equal to 50% of the Retention Incentive Payment (the "First Installment"), will be paid to you in a lump sum payment on or not more than sixty (60) days after the Closing Date, provided that you are employed by Dana as President, Automotive Aftermarket Group on the Closing Date.

- --------------------------
[1] The definitions contained in the attached Annex A set forth the meaning of all capitalized terms used but not defined in this letter.

In the event you accept employment with the Buyer as of the Closing Date, Dana will pay you a second installment, equal to fifty percent (50%) of the Retention Incentive Payment (the "Second Installment"), in a lump sum payment on or not more than sixty (60) days after the expiration of six (6) months from your Employment Date. However, you are not eligible to receive and will not be paid the Second Installment, in whole or in part, if (1) your employment is terminated for Cause during the six (6) month period beginning on the Employment Date; or (2) if you voluntarily resign your employment other than for Good Reason during the six (6) month period beginning on the Employment Date. If your termination of employment during such six (6) month period is due to your death or Disability you shall remain eligible for the Second Installment.

In the event that (i) you do not receive an offer of employment from the Buyer as of the Closing Date, and (ii) Dana fails to offer you a Comparable Job immediately following the Closing Date, and (iii) you are employed by Dana as President, Automotive Aftermarket Group on or immediately prior to the Closing Date, and (iv) you choose to resign your employment with Dana as of or immediately following the Closing Date (a "Dana Severance Event"), Dana will pay you the Second Installment no later than sixty (60) days after the Closing Date.

Sale of Business Units in Separate Transactions.

In the event that the Business Units are sold in two separate transactions, and in the event you accept employment with the Buyer as of the First Closing Date and Dana does not object to your acceptance of such offer, Dana will pay you the First Installment in a lump sum payment on or not more than sixty (60) days after the First Closing Date; provided, that you are employed by Dana as President, Automotive Aftermarket Group on the First Closing Date.

In the event you do not accept employment with the Buyer as of the First Closing Date, Dana will pay you the First Installment in a lump sum payment on or not more than sixty (60) days after the Second Closing Date; provided, that you are employed by Dana as President, Automotive Aftermarket Group on the Second Closing Date.

In the event you accept employment with the Buyer as of the First Closing Date as described above, or after the Second Closing Date, Dana will pay you the Second Installment in a lump sum payment on or not more than sixty (60) days after the expiration of six (6) months from your Employment Date. However, in the event you accept employment with the Buyer as of the First or Second Closing Date, you are not eligible to receive and will not be paid the Second Installment, in whole or in part, if (1) your employment is terminated for Cause during the six (6) month period beginning on the Employment Date; or (2) if you voluntarily resign your employment other than for Good Reason during the six (6) month period beginning on the Employment Date. If your termination of employment during such six (6) month period is due to your death or Disability you shall remain eligible for the Second Installment.

In the event that you experience a Dana Severance Event as of the Second Closing Date, Dana will pay you the Second Installment no later than sixty (60) days after the Second Closing Date.

No Sale By June 30, 2005

If no sale of any portion of the Business is consummated on or prior to June 30, 2005, you shall be eligible to receive and will be paid half of the First Installment, equal to twenty-five percent (25%) of the Retention Incentive Payment, within sixty (60) days following June 30, 2005, provided, that you are employed by Dana as President, Automotive Aftermarket Group on June 30, 2005. Any Retention Incentive Payment payable to you pursuant to this Agreement as a result of any subsequent closing of the Business or Business Units will be reduced by this amount.

SEVERANCE PAYMENT. In the event you accept employment with the Buyer as of the Closing Date, the First Closing Date or the Second Closing Date, as applicable, Dana (or, if Dana assigns this Agreement to the Buyer, the Buyer) will pay you a severance payment (the "Severance Payment") provided that (1) you are employed by Dana as President of the Automotive Aftermarket Group as of immediately prior to the Employment Date and (2) after the Employment Date, you experience a Qualifying Termination. The Severance Payment will be a lump sum payment equal to the sum of (x) two (2) times the greater of your annual base salary with Dana as in effect immediately prior to the Employment Date or your annual base salary with the Buyer on the date of your Qualifying Termination, and (y) two (2) times the greater of your Target Annual Bonus with Dana as in effect immediately prior to the Employment Date or your Target Annual Bonus with the Buyer on the date of your Qualifying Termination.[2] If you satisfy the conditions described above, the Severance Payment shall be paid to you as soon as practicable after your termination of employment or resignation, but in no event later than sixty (60) days after the date of your Qualifying Termination.

In the event that you experience a Dana Severance Event as of the Closing Date or the Second Closing Date, as applicable, Dana will pay you the Severance Payment no later than sixty (60) days after the Closing Date or the Second Closing Date, as applicable.

Please note that Dana will withhold from any payments under this Agreement any taxes that Dana determines it is required to withhold. However, it is ultimately your responsibility to pay any required taxes on these payments regardless of whether they are withheld.

Any payment to which you are otherwise entitled pursuant to this Agreement will be paid to your estate or beneficiary, as applicable, in the event of your death prior to the making of such payment.

The Retention Incentive Payment and Severance Payment will not be included for purposes of determining the amount of any benefits under any qualified or nonqualified employee benefit plans of Dana or any of its affiliates in which you may be a participant.

- --------------------------

[2] Dana will notify the Buyer in writing on or before any applicable closing date of your then current Target Annual Bonus with Dana.

SATISFACTORY COOPERATION. You will be eligible to receive and will be paid the First Installment and Second Installment of the Retention Incentive Payment, or any portion thereof as set forth above, and the Severance Payment in the event a Dana Severance Event occurs, contingent upon your satisfaction of all conditions and requirements set forth in this Agreement, including you satisfactory support, cooperation, and participation in marketing the Business throughout the sale process, as determined by the Dana Corporation Policy Committee, or its equivalent, in its sole discretion.

ACCURATE/COMPLETE INFORMATION. You will cooperate in providing Dana with accurate and complete information regarding the Business to the best of your knowledge and belief until the sale of all or substantially all of the Business is completed.

CONFIDENTIALITY. You will not disclose any of the terms of this Agreement except as required by law to anyone other than your spouse, your legal counsel or your financial advisor. If you do disclose the terms of this Agreement as permitted in the previous sentence, you will take all reasonable measures to assure that the terms of the Agreement are not subsequently disclosed to any additional third parties, unless required by law. In addition, you will not disclose any information relating to the sale of the Business except (1) as required by law or (2) while employed by Dana, in the business of and/or for the benefit of Dana.

DUTIES AND RESPONSIBILITIES. If you accept employment with the Buyer, during your employment with the Buyer, for a period of two years beginning on the Employment Date and regardless of your title and reporting structure, you will devote your entire business skill, time, and effort diligently to the affairs of the Buyer in accordance with the duties assigned to you by the Buyer at the location assigned to you by the Buyer.

COMPENSATION AND BENEFITS. If you accept employment with the Buyer, your base salary, bonus (if any), and employee benefits (other than the Retention Incentive Payment) following the Employment Date will be determined by the Buyer. Dana will make a good faith effort to negotiate for you a base salary, bonus, and employee benefit package with the Buyer that is reasonably comparable to the base salary, bonus, and employee benefit package you were receiving from Dana or any of its affiliates immediately prior to the Employment Date.

a. Bonus. If you commence employment with the Buyer or experience a Dana Severance Event, you will receive, within sixty (60) days after the Measuring Date, a pro rata share of your Dana bonus, if any, for the plan year in which the Measuring Date occurs, based on the Business's and Dana's performance during the portion of the bonus period through the Measuring Date and the number of days worked for Dana during the plan year in which the Measuring Date occurs, calculated in accordance with the then-current terms and conditions applicable to your bonus plan. If you remain employed with Dana (and do not accept Employment with the Buyer) after the Closing Date or the Second Closing Date, as applicable, you will receive (1) a pro rata share of your Dana bonus, if any, based upon the Business's and Dana's performance during the portion of the bonus period through the Closing Date or the Second Closing Date, as applicable, and the number of days worked during the plan year for the Business prior to the

Closing Date or the Second Closing Date, as applicable, calculated in accordance with the then-current terms and condition applicable to your bonus plan; and (2) a pro rata bonus paid in accordance with the terms and conditions of the bonus plan or program offered by the Dana division or business unit for which you begin working after the Closing Date or the Second Closing Date, as applicable, based upon the number of days worked for that division or business unit during the plan year for which the bonus is paid.

b. Stock Options. If you accept employment with the Buyer or experience a Dana Severance Event, your Dana Options will terminate. Consequently, if you wish to exercise any vested Dana Options you must do so before the Measuring Date. If you have any outstanding Dana Options at the Measuring Date, they will also terminate, but Dana will pay you a cash payment, as soon as practicable after the Measuring Date, equal to the excess, if any, of the Fair Market Value of Dana stock over the grant price of your Dana Options times the number of shares of Dana stock subject to your outstanding Dana Options, whether or not such Dana Options are vested as of the Measuring Date. If you are eligible and choose to retire from Dana as of the close of business on the Closing Date, the First Closing Date or the Second Closing Date, as applicable, the foregoing does not apply and your Dana Options will be exercisable as provided for in the applicable stock option plan and grants.

RELEASE. If you accept a position with the Buyer, or become entitled to a Severance Payment or a Retention Incentive Payment, (1) on such date as Dana may specify following the Closing Date, the First Closing Date or the Second Closing Date, as applicable, and prior to your receipt of such payment and (2) as of the date of the Qualifying Termination, if applicable, you will execute and not revoke a release satisfactory to Dana (or satisfactory to the Buyer if the liability to make the Severance Payment has been assigned to the Buyer) and substantially in the form attached hereto as Exhibit A (a "Release"), releasing Dana and/or the Buyer, and its or their affiliates, shareholders, directors, officers, employees, representatives, and agents and their successors and assigns from any and all employment-related claims you or your successors and beneficiaries might then have against them (excluding any claims you might then have under this Agreement or any claim for vested benefits under a qualified employee retirement benefit plan sponsored by Dana). All payments to which you may be entitled under this Agreement are subject to your executing and not revoking the applicable Release, as contemplated in this paragraph.

NON-DUPLICATION OF BENEFITS/NO SEVERANCE. The payment of any benefits under this Agreement will be in lieu of, and not in addition to, any separation or severance benefits to which you may be entitled from Dana. In addition, no provision of this Agreement will require Dana to provide you with any payment, benefit, or grant that duplicates any payment, benefit or grant that you are entitled to receive under any Dana compensation or benefit plan or other agreement or arrangement.

ASSIGNMENT. In the event that you accept employment with the Buyer, Dana may assign its rights and obligations under this Agreement (excluding Dana's obligation to pay the

Retention Incentive Payment) to the Buyer without notice to or consent from you. In the event of such assignment and the Buyer's failure to comply with its obligation under this Agreement to pay you the Severance Payment, Dana will pay you an amount equal to the difference between the amount, if any, paid to you by the Buyer and the amount of the Severance Payment, determined by Dana in its sole discretion, to which you would otherwise be entitled under this Agreement. For purposes of clarity, the Severance Payment shall be reduced (but not below zero) by the amount of any severance payment you receive from the Buyer, even if not made pursuant to this Agreement, in the event of your Qualifying Termination.

EMPLOYMENT. Nothing in this Agreement shall be construed as a contract of employment with Dana and nothing in this Agreement limits Dana's right to terminate your employment with Dana while you remain a Dana employee. No provision of this Agreement entitles you to employment with Dana after you have elected to accept employment with the Buyer.

WAIVER. Failure to insist upon strict compliance with any of the terms, covenants, or conditions of this Agreement will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times.

GOVERNING LAW. To the extent not preempted by federal law, the provisions of this Agreement will be construed and enforced in accordance with the laws of the State of Ohio, determined without regard to its choice of law rules.

EFFECTIVE DATE. The terms of this Agreement regarding payment of the Retention Incentive Payment and the Severance Payment have no force or effect prior to the Closing Date or the First Closing Date, as applicable, other than as set forth above under the heading "No Sale By June 30, 2005."

TERMINATION DATE. This Agreement will terminate on December 31, 2005, unless the Closing Date or the Second Closing Date, as applicable, occurs prior to that date.

Dana believes that this offer provides you with a financial incentive to remain with Dana. I hope that you find that it provides you with a level of comfort to allow you to continue to perform your responsibilities in an exemplary manner. Your signing the Release described above and accepting the Retention Incentive Payment will be deemed to constitute your acceptance of all of the conditions of this Agreement and an understanding that this Agreement may not be modified except by written agreement of you and Dana.

Sincerely yours,

/s/ Marvin A. Franklin

For Dana Corporation

ANNEX A

DEFINITIONS

1. "Business" means substantially all of the assets of the Dana Automotive Aftermarket Group (but excluding the Clevite operations).

2. "Business Units" means the Wix Group and the Brake & Chassis Group.

3. "Buyer" means the purchaser of the Business, or the purchaser of an individual Business Unit, as indicated by the context.

4. "Cause" means: (i) your conviction of, or plea of guilty or nolo contendere to, a felony; (ii) your willful misconduct or gross negligence in the performance of your duties; or (iii) your breach of the conditions of this letter.

5. "Closing Date" means the date of the closing of the sale of the Business.

6. "Comparable Job" means a position which (i) includes a base salary and bonus eligibility that is no less than your base salary and bonus eligibility with Dana immediately before the Closing Date or Second Closing Date, as applicable; and (ii) would not constitute a material diminution in your title, position, or job responsibilities from those currently in effect with Dana as of the date of this letter.

7. "Dana Options" means options to purchase Dana stock under a Dana stock option plan and, if applicable, the Echlin 1992 Stock Option Plan.

8. "Disability" means a 180 consecutive day absence from work due to mental or physical illness determined to be total and permanent by a physician selected by Dana or the Buyer, as applicable, and reasonably acceptable to you.

9. "Employment Date" means the date on which you commence employment with the Buyer, which date may be the Closing Date, the First Closing Date or the Second Closing Date.

10. "Fair Market Value" means the average closing price of Dana stock during the twenty (20) trading days immediately prior to the Employment Date.

11. "First Closing Date" means, in the event that the Business Units are sold in two separate transactions, the date of the closing of the sale of the first of the Business Units to be sold.

12. "Good Reason" means: (i) a material diminution in your title, position, or job responsibilities from those in effect immediately prior to the Employment Date; (ii) a material reduction in your base salary and bonus eligibility when compared to the salary and bonus that you were eligible to receive from Dana immediately before the Employment Date; or (iii) a change in your principal place of employment that is more than fifty (50) miles from your

principal place of employment immediately before the Employment Date, without your written consent.

13. "Measuring Date" means either the Employment Date or the date on which you experience a Dana Severance Event.

14. "Qualifying Termination" means a termination of your employment during the two-year period beginning on the Employment Date (A) by the Buyer other than for Cause, (B) by you for Good Reason or (C) by reason of your Disability.

15. "Retention Incentive Payment" means an amount equal to two (2) times your annual base salary as in effect on the Closing Date or the First Closing Date, as applicable.

16. "Second Closing Date" means, in the event that the Business Units are sold in two separate transactions, the date of the closing of the sale of the second of the Business Units to be sold.

17. "Target Annual Bonus" means the target bonus payment that you would have received if all annual bonus objectives were met under the applicable annual bonus plan or program of Dana or the Buyer, as applicable.

EXHIBIT A

RELEASE AGREEMENT

This Release Agreement is entered into as of this ____ day of __________, 2004, by and between _______________ (hereinafter "Employee"), [Buyer ("Buyer"),][3] and Dana Corporation ("Dana").

1. Dana agrees to provide Employee with the benefits provided for in the retention agreement set out in a letter to Employee from Dana dated March __, 2004 after Employee executes this Release Agreement and it becomes effective pursuant to its terms as set forth below.

2. Employee represents that Employee has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges relating to Employee's employment with, resignation from, or termination from, Dana [and Buyer]; provided, however, that nothing contained in this Release Agreement shall prohibit Employee from bringing a claim to challenge the validity of the ADEA Release herein. In consideration of the benefits described in paragraph 1 above, Employee, on Employee's own behalf, and on behalf of Employee's heirs, successors and assigns, hereby agrees to release Dana [and Buyer], all of its[/their] past, present and future subsidiaries and affiliates, and all of its and their past, present and future directors, officers, employees, employee retirement plans, employee welfare plans (including, but not limited to, any plan that provides welfare benefits following retirement); and all of its and their respective heirs, successors, and assigns from any and all claims, charges, complaints, causes of action, demands, and liabilities that Employee might otherwise have asserted arising out of Employee's employment with Dana [and Buyer], including the termination of that employment. However, Employee is specifically not releasing rights, if any, to vested benefits under any qualified employee retirement plan, any rights or claims that may arise after the date on which Employee signs this Release Agreement, or any rights arising pursuant to the retention agreement referenced in paragraph 1 above. Those rights, and only those rights, survive unaffected by this Release Agreement.

3. Employee understands that as a consequence of signing this Release Agreement, Employee is giving up, with respect to Employee's employment and the termination of that employment, any and all rights Employee might otherwise have under (1) the Age Discrimination in Employment Act of 1967, as amended; (2) all other federal, state or municipal laws prohibiting discrimination in employment on the basis of sex, race, national origin, religion, age, handicap or other invidious factor; and (3) any and all theories of contract or tort law, whether based on common law or otherwise.

- -------------------------

[3] All bracketed language to be used in any Release signed in conjunction with a Severance Payment or a Retention Incentive Payment following employment by Buyer.

4. To the extent not preempted by federal law, the provisions of this Agreement will be construed and enforced in accordance with the laws of the State of Ohio, determined without regard to its choice of law rules.

5. Employee further acknowledges and agrees that:

   a. The benefits Employee is receiving under the retention agreement constitutes consideration over and above any benefits that Employee might be entitled to receive without executing this Release Agreement.

   b. Dana[/Buyer] advised Employee in writing to consult with an attorney prior to signing the Release Agreement.

   c. Employee was given a period of at least 21 days within which to consider and sign the Release Agreement.

   d. Dana[/Buyer] has advised Employee of Employee's right to revoke this Release Agreement at any time within seven (7) days after signing of this Release Agreement and that this Release Agreement will not become effective until the expiration of this seven-day period.

   e. Employee warrants and represents that Employee's decision to accept this Release Agreement was (a) entirely voluntary on Employee's part; (b) not made in reliance on any inducement, promise or representation, whether express or implied, other than the inducements, representations and promises expressly set forth in the retention agreement or in the Release Agreement; and (c) did not result from any threats or other coercive activities to induce acceptance of the retention agreement or Release Agreement.

   f. This Release Agreement is given in connection with and constitutes a part of the retention agreement and if the retention agreement is null and void, this Release Agreement shall have no force or effect.

In the event Employee decides to exercise Employee's right to revoke within seven (7) days of Employee's execution of this Release Agreement, Employee must do the following: (a) notify Dana in writing of Employee's intent to revoke this Release Agreement, and (b) simultaneously return in full any consideration received from Dana under the retention agreement.

Employee further warrants and represents that Employee fully understands and appreciates the consequences of signing this Release.

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement on the dates written below.

________________________________	_________________________________
Employee	For Dana Corporation
Date:___________________________	Title:___________________________
	Date:____________________________

[For Buyer

Title:__________________________
Date:___________________________]

EXHIBIT 31-A

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael J. Burns, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dana Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: April 29, 2004

/s/ Michael J. Burns

Michael J. Burns
Chief Executive Officer

EXHIBIT 31-B

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Robert C. Richter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dana Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2004

/s/ Robert C. Richter

Robert C. Richter
Chief Financial Officer

EXHIBIT 32

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Dana Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003, that to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: April 29, 2004

/s/ Michael J. Burns

Michael J. Burns
Chief Executive Officer

/s/ Robert C. Richter

Robert C. Richter
Chief Financial Officer