



FORM 10-K

DANA CORP – dcn

Filed: March 05, 1996 (period: December 31, 1995)

Annual report which provides a comprehensive overview of the company for the past year

Table of Contents

Part IV

(Item 14)

Part I

Item 1 - Business 3 – 11

Item 2 - Properties 12

Item 3 - Legal Proceedings 12 – 13

Item 4 - Submission of Matters to a Vote of

Part II

Item 5 - Market for Registrant's Common Equity and

Item 6 - Selected Financial Data 14

Item 7 - Management's Discussion and Analysis of

Item 8 - Financial Statements and Supplementary Data 14

Item 9 - Changes in and Disagreements with Accountants on

Part III

Item 10 - Directors and Executive Officers of the

Item 11 - Executive Compensation 15

Item 12 - Security Ownership of Certain Beneficial

Item 13 - Certain Relationships and Related Transactions 15

Part IV

Item 14 - Exhibits, Financial Statement Schedules.

PART I

ITEM 1 - BUSINESS

ITEM 2 - PROPERTIES

ITEM 3 - LEGAL PROCEEDINGS

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

PART II

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

ITEM 6 - SELECTED FINANCIAL DATA

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

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 11 - EXECUTIVE COMPENSATION

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

PART IV

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

SIGNATURES

EX-3.B

EX-10.A.2

EX-10.D.5

EX-13 (Annual report to security holders)

EX-21 (Subsidiaries of the registrant)

EX-23 (Consents of experts and counsel)

EX-24 (Power of attorney)

EX-27

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

For the Fiscal Year Ended December 31, 1995 Commission file number 1-1063.

DANA CORPORATION

(Exact name of registrant as specified in its charter)

Virginia

34-4361040

(State or other jurisdiction of
incorporation or organization)

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

4500 Dorr Street, Toledo, Ohio

43615

(Address of principal executive offices)

(Zip Code)

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

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

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

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

None

(Title of Class)

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

Yes ☒ No ☐

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

The aggregate market value of the voting stock held by non-affiliates of the registrant at February 12, 1996, was approximately \$3,352,629,000.

The number of shares of registrant's Common Stock, \$1 Par Value, outstanding at February 12, 1996, was 101,594,805 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Where Incorporated
1. Proxy Statement dated March 4, 1996 for Annual Meeting of Shareholders to be held on April 3, 1996.	Part III (Items 10, 11, 12, 13)
2. Annual Report to Shareholders for year ended December 31, 1995.	Part I (Item 1) Part II (Items 5, 6, 7, 8)
	Part IV (Item 14)

The Exhibit Index is located at pages 26 - 29 of the sequential numbering system.

INDEX

 DANA CORPORATION - FORM 10-K
 FOR THE YEAR ENDED DECEMBER 31, 1995

	10-K Pages

Cover	1
Index	2
 Part I	
- - - - -	
 Item 1 - Business	3 - 11
----- Geographical Areas, Markets, Customer Dependence, Products, Material Source and Supply, Seasonality, Backlog, Competition, Strategy, Patents and Trademarks, Research and Development, Employment, Cash Flows, Environmental Compliance, and Executive Officers of the Registrant	
 Item 2 - Properties	12

 Item 3 - Legal Proceedings	12 - 13

 Item 4 - Submission of Matters to a Vote of	
----- Security Holders	13

 Part II	
- - - - -	
 Item 5 - Market for Registrant's Common Equity and	
----- Related Stockholder Matters	14

 Item 6 - Selected Financial Data	14

 Item 7 - Management's Discussion and Analysis of	
----- Financial Condition and Results of Operations	14

 Item 8 - Financial Statements and Supplementary Data	14

 Item 9 - Changes in and Disagreements with Accountants on	
----- Accounting and Financial Disclosure	14

 Part III	
- - - - -	
 Item 10 - Directors and Executive Officers of the	
----- Registrant	15

 Item 11 - Executive Compensation	15

Item 12 - Security Ownership of Certain Beneficial ----- Owners and Management -----	15
---	----

Item 13 - Certain Relationships and Related Transactions -----	15
---	----

Part IV

Item 14 - Exhibits, Financial Statement Schedules, ----- and Reports on Form 8-K -----	16 - 29
(a) (1) Financial Statements	
(2) Financial Statement Schedules	
(3) Exhibits	
(b) Reports on Form 8-K	

Signatures - -----	30 - 31
-----------------------	---------

PART I

ITEM 1 - BUSINESS

Dana Corporation, incorporated in 1905, is a global leader in engineering, manufacturing and marketing of products and systems for the worldwide vehicular, industrial and mobile off-highway original equipment (OE) markets and is a major supplier to the related aftermarkets (also called "distribution," "service parts" or "replacement parts" markets). Dana also wholly owns Dana Credit Corporation (DCC), a provider of lease financing services in certain markets.

Dana's Vehicular segment is comprised of components and parts used on light, medium and heavy trucks, sport utility vehicles, trailers, vans, and automobiles. The Company's products include components for drivetrain systems, such as axles, driveshafts, clutches and transmissions; engine parts, such as gaskets and sealing systems, piston rings, and filtration products; structural components, such as vehicular frames, engine cradles and heavy duty side rails; chassis products, such as steering and suspension components; fluid power systems, such as pumps, cylinders, control valves, brass and steel fittings and hoses. In 1995, sales from this segment accounted for 80% of Dana's sales.

The Company's Industrial segment products are used in mobile off-highway vehicle and stationary equipment applications. These products include components for industrial power transmission products, such as electrical and mechanical brakes and clutches, drives and motion control devices. Sales from this segment amounted to 20% of the Company's 1995 sales.

Dana's Lease Financing segment is almost exclusively comprised of the operations of DCC which offer lease financing services in the form of capital markets specialized lease transactions worldwide and customized equipment financing programs in the U.S., Canada, the United Kingdom and continental Europe. The revenue derived from such services is included in Revenue from Lease Financing and Other Income in Dana's financial statements and is not considered a component of net sales.

Note 16. Business Segments at page 34, 35 and 36 of Dana's 1995 Annual Report is incorporated herein by reference.

GEOGRAPHICAL AREAS

To serve its global markets, Dana has established regional operating organizations in North America, Europe, South America and Asia Pacific, each with management responsibility for its specific geographic markets. The Company's operations are located in the following twenty-nine countries:

North America	Europe		South America	Asia Pacific	
Canada	Austria	Portugal	Argentina	Australia	Malaysia
Mexico	France	Spain	Brazil	China	Singapore
United States	Germany	Sweden	Colombia	Hong Kong	Taiwan
	India	Switzerland	Uruguay	Japan	Thailand
	Italy	United Kingdom	Venezuela	Korea	Vietnam
	Netherlands				

Dana's international subsidiaries and affiliates manufacture and sell a number of vehicular and industrial products which are similar to those produced by Dana in the United States (U.S.). In addition to normal business risks, operations outside the U.S. are subject to other risks including, among others, changing political, economic and social environments, changing governmental laws and regulations, and currency revaluations and market fluctuations.

Consolidated international sales were \$2.1 billion, or 28% of the Company's 1995 sales. Including U.S. exports of \$555 million, international sales accounted for 35% of 1995 consolidated sales. International operating income was \$139 million, or 19% of consolidated 1995 operating income. International affiliates, accounted for on an equity basis, incurred losses of \$8 million in 1995.

"Business Segments" by geographic areas at page 36 of Dana's 1995 Annual Report and Note 6. International Operations at page 30 of Dana's 1995 Annual Report are incorporated herein by reference.

MARKETS

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

Market Analysis by Business Segment*			
Percentage of Consolidated Sales			
	1993	1994	1995
	----	----	----
Vehicular Products -			
OE Manufacturers	54%	56%	58%
Service Parts	28%	24%	22%
	---	---	---
Total	82%	80%	80%
Industrial Products -			
OE Manufacturers	9%	10%	10%
Service Parts	9%	10%	10%
	---	---	---
Total	18%	20%	20%

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

Sales in the Lease Financing segment consisted of real estate sales and did not exceed 1% of consolidated sales for 1993, 1994 or 1995. Lease financing revenues (amounting to less than 5% of Dana's consolidated 1995 total revenues) have been excluded from this market analysis.

CUSTOMER DEPENDENCE

The Company has thousands of customers around the world and has developed long-standing business relationships with many of these customers. The Company's attention to cost, as well as quality, delivery and service, has been recognized by numerous customers who have awarded the Company supplier quality awards. Ford Motor Company (Ford) and Chrysler Corporation (Chrysler) were the only customers accounting for more than 10% of the Company's consolidated sales in 1995. The Company has been supplying product to Ford, Chrysler and their subsidiaries for many years. Sales to Ford, as a percentage of the Company's sales, were 18%, 16% and 17% in 1993, 1994 and 1995, respectively. Sales to Chrysler, as a percentage of sales, were 11%, 12% and 13% in 1993, 1994, and 1995, respectively. Loss of all or a substantial portion of the Company's sales to Ford, Chrysler or other large vehicle manufacturers, would have a significant adverse effect on the Company's financial results until this lost sales volume could be replaced. This event is considered unlikely in the ordinary course of business and would most likely occur only in the event of a major business interruption such as a prolonged strike at one of the Company's customers.

PRODUCTS

- - - - -

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

Major Product Groups - Vehicular Segment Percentage of Consolidated Sales			

	1993	1994	1995
	----	----	----
Types of Products			

Front and rear axles for highway vehicles, primarily trucks	28%	29%	30%
Engine parts and accessories for highway vehicles, such as gaskets, seals, piston rings and filters	14%	14%	13%
Driveshafts and universal joints for highway vehicles, primarily trucks	11%	11%	10%
Frames and other structural components for highway vehicles, primarily trucks	8%	8%	8%
Other Vehicular products	21%	18%	19%
	---	---	---
Total	82%	80%	80%

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

MATERIAL SOURCE AND SUPPLY

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

SEASONALITY

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

BACKLOG

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

COMPETITION

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

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

STRATEGY

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

The first of these strategies is to increase the Company's involvement and investment in its international markets. The Company has well-defined regional organizations in North America, South America, Europe and Asia Pacific in support of this initiative to effectively compete in world markets. In 1995, international sales, including exports from the U.S., totaled 35% of consolidated sales. The Company's longer term goal is to derive 50% of its sales (including exports) from customers outside the U.S. Although subject to certain risks, the Company believes broadening its sales base will better enable it to offset effects of economic downturns in specific countries, source product from the areas of the world which offer the lowest cost, and provide it access to markets which have the greatest growth potential. To accomplish this objective, the Company is focusing on meeting OE customers' needs in each of the local markets in which those customers operate, both through exports and by locating manufacturing or assembly facilities in markets where key OE customers have assembly plants. In addition, Dana is maximizing its technological capabilities and resources by offering complete product systems to its global customers.

STRATEGY (Continued)

The Company's second long-term strategic objective is to increase its distribution sales to 50% of sales. The Company believes that distribution sales are less cyclical than OE sales and offer steady long-term growth potential. The Company continues to seek expansion in its distribution business by increasing market penetration and broadening its product offerings through internal growth and acquisition. In 1995, the Company's distribution sales were 32% of sales.

PATENTS AND TRADEMARKS

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

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

RESEARCH AND DEVELOPMENT

Dana's facilities engage in engineering, research and development, and quality control activities to improve the reliability, performance and cost-effectiveness of Dana's existing Vehicular and Industrial products and to design and develop new products for both existing and anticipated applications. The Company employs advanced technology and methods to achieve these improvements. To promote efficiency and reduce development costs, Dana's research and engineering people work closely with OE manufacturing customers on special product and systems designs. Dana's consolidated worldwide expenditures for engineering, research and development, and quality control programs were \$120 million in 1993, \$138 million in 1994 and \$149 million in 1995.

EMPLOYMENT

Dana's worldwide employment (including consolidated subsidiaries) was approximately 45,900 at December 31, 1995.

CASH FLOWS

The Company's cash flow from operating activities does not vary significantly within a year, although minor fluctuations do occur. Cash generated by operating activities is utilized for investing purposes to purchase fixed assets and acquire new businesses and product lines and for financing purposes to pay dividends and debt principal. The "Statement of Cash Flows" on page 25 of Dana's 1995 Annual Report is incorporated herein by reference.

ENVIRONMENTAL COMPLIANCE

- - - - -

The Company makes capital expenditures in the normal course of business, as necessary, to ensure that its facilities are in compliance with applicable environmental laws and regulations. Costs of environmental compliance did not have a materially adverse effect on the Company's capital expenditures, earnings or competitive position in 1995, and the Company currently does not anticipate future environmental compliance costs to be material. Note 1. Summary of Significant Accounting Policies - Environmental Compliance and Remediation on page 28 of Dana's 1995 Annual Report is incorporated herein by reference.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company and their ages, present positions, and other positions within the past five years are as follows. Unless otherwise indicated, all positions are with Dana. Hayes-Dana Inc., formerly a majority-owned subsidiary of Dana, is now a wholly-owned subsidiary and has been renamed Dana Canada Inc. Albarus S.A. is a majority-owned Brazilian subsidiary of Dana. Diamond Savings and Loan Company was a wholly-owned subsidiary of Dana. The first six executive officers listed below are the members of Dana's Policy Committee.

Name and Age -----	Present Position(s) with the Registrant -----	Other Positions During the Past Five Years -----
S.J. Morcott (57)	Chairman of the Board of Directors since 1990; Chief Executive Officer since 1989; and Chief Operating Officer since 1986	President of Dana from 1986-1995; Dana Director since 1985; Chairman of the Board of Hayes-Dana Inc., 1987-1995
J.M. Magliochetti (53)	President since January 1996; President - Dana North American Operations since 1992	Automotive President - Dana North American Operations, 1990-92
C.H. Hirsch (61)	President - Dana International since January 1996; Executive Vice President since 1991	None
J.E. Ayers (63)	Chief Financial Officer since 1989	Vice President - Finance, 1986-95; Treasurer, 1983-95
W.J. Carroll (51)	President - Diversified Products and Distribution since January 1996; President - Dana Distribution Services since 1995, President - DTF Trucking since 1985; President - Dana Canada Inc. since 1993 and Chairman of the Board Since 1995	Vice President and General Manager - Aftermarket Products Division, 1987-93
M.A. Franklin, III (48)	President - Dana Europe since 1993	Vice President and General Manager - Spicer Clutch Division 1991-93
F.E. Bauchiero (61)	President - Industrial - Dana North American Operations since 1990	None
B.N. Cole (53)	President - Parish Structural Components Group since 1995	Vice President - Heavy Vehicle - Dana North American Operations, 1991-95;
C.J. Eterovic (61)	President - Dana South American Operations since 1993	Vice President - Dana South American Operations, 1992-93; President - Dana Andean Common Market, 1979-92

EXECUTIVE OFFICERS OF THE REGISTRANT (Continued)

Name and Age -----	Present Position(s) with the Registrant -----	Other Positions During the Past Five Years -----
H.E. Ferreira (56)	Group Vice President - Perfect Circle Engine Products Group since 1995	Vice President, Mercosur - Dana South America, 1994-95; Vice Chairman- Administration Council of Albarus S.A., 1992-94; President and General Manager - Albarus, 1983-92
R.B. Forde (59)	Group Vice President - Wix Filtration Products Group since 1995	Vice President and General Manager - Wix Division, 1987-95
C.F. Heine (43)	President - Dana Asia Pacific since January 1996	Vice President of Asia Pacific Operations, 1994-95; General Manager - Spicer Off-Highway Axle Division, 1993-94, Plant Manager - Spicer Driveshaft Division, 1991-93
J.M. Laisure (44)	Group Vice President - Spicer Modular Systems Group since 1994	Vice President and General Manager - Spicer Transmission Division, 1991-94
C.W. Hinde (57)	Vice President since 1992, Chief Accounting Officer and Assistant Treasurer since 1986	Director - Corporate Accounting & Taxes, 1986-92
C.J. McNamara (57)	President - Victor Reinz Sealing Products Group since 1995	Vice President - Automotive - Dana North American Operations, 1993-95; Vice President and General Manager - Victor Products Division, 1987-92
E. Mendoza (58)	Chairman - Spicer S.A. since 1995	General Director - Spicer S.A., 1981-95
W.L. Myers (55)	President - Spicer Driveshaft Group since 1995	Vice President and General Manager- Spicer Driveshaft Division, 1986-95
J.H. Reed (63)	President - Spicer Axle Group since 1995	President - Light Truck - Dana North American Operations, 1995; Vice President - Light Vehicle - Dana North American Operations, 1992-95; President and General Manager - Spicer Axle Division, 1991-95
M.H. Rothlisberger (52)	Vice President and Corporate Controller since 1994; Assistant Treasurer since 1985	Vice President and Controller, Dana North American Operations 1989-94

EXECUTIVE OFFICERS OF THE REGISTRANT (Continued)

<Captio>

Name and Age -----	Present Position(s) with the Registrant -----	Other Positions During the Past Five Years -----
E.J. Shultz (51)	President - Dana Credit Corporation since 1995	President - Lease Financing, 1994-95; President - Financial Services, 1990-94
J.S. Simpson (55)	Vice President of Finance and Treasurer since January 1996	President - Dana Asia Pacific Operations, 1992-95; President - Diamond Savings and Loan Company, 1987-92
M.J. Strobel (55)	Vice President since 1976; General Counsel since 1970; and Secretary since 1982	None
J.H. Woodward, Jr. (43)	Controller - Dana North American Operations since 1994	Division Controller - Spicer Heavy Axle and Brake Division, 1992-94; Plant Manager - Spicer Trailer Products Division, 1989-92

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

ITEM 2 - PROPERTIES

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

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

Dana Facilities by Geographic Region

Type of Facility	North America	Europe	South America	Asia Pacific	Total
Manufacturing	125	53	24	10	212
Distribution	52	146	12	37	247
Service Branches, Offices	65	9	8	13	95
	---	---	---	---	---
Total	242	208	44	60	554
	===	===	===	===	===

ITEM 3 - LEGAL PROCEEDINGS

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

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

1. IN THE MATTER OF DANA CORPORATION-VICTOR PRODUCTS DIVISION AND BRC RUBBER GROUP. In an administrative proceeding commenced in 1990, the United States Environmental Protection Agency, Region 5 ("USEPA 5") alleged that the Company's former plant in Churubusco, Indiana (which ceased operations in 1983) had violated the federal Resource Conservation and Recovery Act ("RCRA") by failing to submit a closure plan and financial assurances as a RCRA-regulated storage facility and by failing to notify the subsequent plant owner of the alleged RCRA status of the storage facility. USEPA 5 sought a RCRA closure of the storage facility and the recovery of civil penalties of approximately \$132,000. In 1992, the Company commenced settlement negotiations with USEPA 5 and proposed a soil sampling plan to establish the extent of contamination (if any). In late 1994, the Company and USEPA 5 agreed on a civil penalty in the amount of \$80,000. The proposed sampling plan remains under review. The Company expects that a Consent Agreement and Final Order will be finalized and that sampling work will commence in the first half of 1996.

ITEM 3 - LEGAL PROCEEDINGS (Continued)

2. COMMISSIONER OF THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT V. DANA CORPORATION, SLEEVE PLANT. In 1994, the Indiana Department of Environmental Management ("IDEM") proposed a Consent Order to the Company in connection with alleged violations of the federal Clean Water Act by the Company's plant in Richmond, Indiana. The alleged violations were discharges exceeding certain metal concentration limitations in the plant's water discharge permit with the City of Richmond and discharges into a ditch in violation of the plant's National Pollutant Discharge Elimination System permit. IDEM sought civil penalties in the amount of \$227,000. The Company contested certain of the allegations and in the third quarter of 1995, the parties reached an agreement that required the Company to pay a civil penalty of \$105,000, subject to an offsetting "credit" of \$45,000 for expenditures to be incurred by Dana for a supplemental environmental project at the plant. The Order was issued in the fourth quarter of 1995, and Dana paid the \$60,000 penalty in the first quarter of 1996.

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

As previously reported, the Company is also a defendant in the 1992 lawsuit, UNITED STATES V. DANA CORPORATION. In this suit, the Department of Justice, on behalf of the United States, sued the Company, Warner Electric Brake and Clutch Company, Inc. ("Warner Electric"), and Beaver Precision Products, Inc. ("Beaver"), in the U.S. District Court, Eastern District of Michigan under the federal False Claims Act and various common law theories. The complaint alleged overcharging on U.S. government contracts or subcontracts awarded to Beaver in the late 1970s and the 1980s. In the third quarter of 1995, Dana and the Department of Justice agreed to settle all claims relating to 16 government contracts included in the complaint without any finding of liability or admission of wrongdoing by Dana, and the Company paid the government \$19.5 million, which included payment for the government's alleged damages, interest, and costs of investigation and litigation. In the fourth quarter of 1995, Dana and the Department of Justice reached a tentative agreement to settle the remaining litigation claims and the Company recorded an after-tax charge to earnings of \$5.8 million in that quarter.

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

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

PART II

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

Dana's common stock is listed on the New York, Pacific, and London Stock Exchanges. On February 12, 1996, there were 31,341 shareholders of record.

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

"Additional Information - Shareholders' Investment" at page 50 of Dana's 1995 Annual Report is incorporated herein by reference.

ITEM 6 - SELECTED FINANCIAL DATA

"Eleven Year History - Financial Highlights" at page 51 of Dana's 1995 Annual Report is incorporated herein by reference.

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

"Management's Discussion and Analysis of Results" at pages 40-45 of Dana's 1995 Annual Report is incorporated herein by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements, together with the report thereon of Price Waterhouse LLP dated January 25, 1996, at pages 22-39 of Dana's 1995 Annual Report and "Unaudited Quarterly Financial Information" at page 50 of Dana's 1995 Annual Report are incorporated herein by reference.

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

- None -

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding Dana's directors and executive officers is set out in Part I, Item 1 of this Form 10-K and in Dana's Proxy Statement dated March 4, 1996 for the Annual Meeting of Shareholders to be held on April 3, 1996 (the "1996 Proxy Statement"). "Election of Directors" and "Compliance with Section 16(a) of the Exchange Act" from the 1996 Proxy Statement are incorporated herein by reference.

ITEM 11 - EXECUTIVE COMPENSATION

"The Board and Its Committees - Compensation," "Executive Compensation," "Compensation Committee Report on Executive Compensation," and "Comparison of Five Years Cumulative Total Return" from Dana's 1996 Proxy Statement are incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

"Stock Ownership" from Dana's 1996 Proxy Statement is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

"Other Transactions" from Dana's 1996 Proxy Statement is incorporated herein by reference.

PART IV

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

		Page in Annual Report -----
(a)	The following documents are incorporated by reference and filed as part of this report:	
	(1) FINANCIAL STATEMENTS:	
	Report of Independent Accountants	22
	Consolidated Balance Sheet at December 31, 1994 and 1995	23
	Consolidated Statement of Income for each of the three years in the period ended December 31, 1995	24
	Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 1995	25
	Consolidated Statement of Shareholders' Equity for each of the three years in the period ended December 31, 1995	26
	Notes to Financial Statements	27 - 39
	Unaudited Quarterly Financial Information	50
		Page in Form 10-K -----
	(2) FINANCIAL STATEMENT SCHEDULES:	
	Report of Independent Accountants on Financial Statement Schedule for the three years ended December 31, 1995	17
	Valuation and Qualifying Accounts and Reserves (Schedule II)	18 - 21
	Supplementary Information - Stock Plans	22 - 24
	Supplementary Information - Commitments and Contingencies	25
	All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.	
	(3) EXHIBITS - The Exhibits listed in the "Exhibit Index" are filed as a part of this report.	26 - 29
(b)	REPORTS ON FORM 8-K - None	

Report of Independent Accountants on
Financial Statement Schedule

To the Board of Directors
of Dana Corporation

Our audits of the consolidated financial statements referred to in our report dated January 25, 1996 appearing on page 22 of the 1995 Annual Report to Shareholders of Dana Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of Financial Statement Schedule II appearing on pages 18 through 21 of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE LLP
/s/PRICE WATERHOUSE LLP

Toledo, Ohio
January 25, 1996

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

 ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

	Balance at beginning of period -----	Additions charged to income -----	Trade accounts receivable "written off" net of recoveries -----	Adjustment arising from change in currency exchange rates and other items -----	Balance at end of period -----
Year ended -					
December 31, 1993	\$17,400,000	\$7,477,000	\$ (7,950,000)	\$ (99,000)	\$16,828,000
December 31, 1994	\$16,828,000	\$4,099,000	\$ (1,252,000)	\$ (29,000)	\$19,646,000
December 31, 1995	\$19,646,000	\$9,281,000	\$ (5,322,000)	\$ (64,000)	\$23,541,000

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

 ALLOWANCE FOR CREDIT LOSSES - LEASE FINANCING

	Balance at beginning of period -----	Additions charged to income -----	Amounts "written off" net of recoveries -----	Adjustments arising from the change in currency exchange rates and other items -----	Balance at end of period -----
Year ended -					
December 31, 1993	\$41,113,000	\$12,049,000	\$ (14,796,000)	\$ (126,000)	\$38,240,000
December 31, 1994	\$38,240,000	\$13,895,000	\$ (11,421,000)	\$ 75,000	\$40,789,000
December 31, 1995	\$40,789,000	\$15,578,000	\$ (9,000,000)	\$ 58,000	\$47,425,000

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

 ALLOWANCE FOR LOAN LOSSES

Year ended -	Balance at beginning of period -----	Additions charged to income -----	Amounts "written off" net of recoveries -----	Acquisitions and other items -----	Balance at end of period -----
December 31, 1993	\$26,818,000	\$(1,848,000) (1)	\$(10,544,000)	\$ 96,000	\$14,522,000
December 31, 1994	\$14,522,000	\$(2,548,000) (1)	\$ (6,088,000)	\$(247,000)	\$ 5,639,000
December 31, 1995	\$ 5,639,000	\$ 1,551,000	\$ (3,265,000)	\$(548,000)	\$ 3,377,000

(1) Includes reversal of reserves provided in prior years.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

VALUATION ALLOWANCE - REAL ESTATE

Year ended -	Balance at beginning of period	Additions charged to income	Amounts "written off" net of recoveries	Acquisitions and other items	Balance at end of period
December 31, 1993	\$42,582,000	\$10,743,000	\$ (14,509,000)	\$2,238,000 (1)	\$41,054,000
December 31, 1994	\$41,054,000	\$10,337,000	\$ (12,699,000)	\$ 226,000	\$38,918,000
December 31, 1995	\$38,918,000	\$ 292,000	\$ (9,291,000)	\$ (507,000)	\$29,412,000

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

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

 SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

EMPLOYEE STOCK OPTION PLANS

The Company has two stock option plans for employees which were approved by the shareholders in 1977 and 1982. The 1977 Plan was amended in 1981, 1986, 1990, 1994 and 1995. The 1982 Plan was amended with shareholder approval in 1988 and 1993. These plans authorize the grant of options and/or stock appreciation rights ("SARs") to key employees to purchase 6,000,000 and 11,900,000 shares, respectively, of common stock at exercise prices no less than 85% of the market value of such stock at date of grant; the exercise periods may extend for no more than ten years from date of grant. All options and SARs granted to date under these two plans have been granted at 100% of the market value of the Company's common stock at the date of grant.

The number of shares above and all references below to the number of shares and per share prices have been adjusted for all stock dividends and distributions subsequent to the dates the plans were approved by the shareholders.

The number of shares subject to options (by year of grant) at December 31, 1995, and the exercise prices per share were as follows:

Year granted -	Number of Shares -----	Average Price Per Share -----	Total -----
1986	73,638	\$15.78	\$1,162,100
1987	112,800	23.44	2,643,800
1988	203,733	18.75	3,820,000
1989	151,050	21.06	3,180,600
1990	323,861	18.25	5,910,500
1991	259,000	16.37	4,241,100
1992	1,002,116	20.16	20,199,000
1993	709,500	27.56	19,555,600
1994	1,041,275	29.06	30,262,100
1995	991,000	31.06	30,778,500
	-----		-----
	4,867,973		\$121,753,300
	=====		=====

At December 31, 1995, there were 4,568,606 shares available for future grants under the 1982 Plan, as amended. No shares have been available for grants under the 1977 Plan since 1987 and there were no SARs outstanding at December 31, 1995.

Options becoming exercisable and options exercised, their exercise prices and their market prices during the three years ended December 31, 1995, under these plans were as follows:

	Exercise Price			Market Price	
	No. of Shares	Avg. Per Share	Aggregate	Avg. Per Share	Aggregate
Options becoming exercisable (Market prices at dates exercisable):					
Year ended December 31,					
1993	667,124	\$19.21	\$12,817,000	\$ 26.80	\$17,878,000
1994	668,968	21.28	14,236,000	28.89	19,329,000
1995	814,971	24.32	19,822,000	29.78	24,266,000
Options exercised (Market prices at dates exercised):					
Year ended December 31,					
1993	810,736	\$15.47	\$12,541,000	\$ 24.03	\$19,483,000
1994	309,915	17.13	5,309,000	28.74	8,906,000
1995	223,430	17.93	4,005,000	28.74	6,422,000

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

The following table sets forth (1) the aggregate number of shares of the Company's common stock subject at December 31, 1995, to outstanding options, (2) the average exercise prices per share of such options, (3) the aggregate exercise prices of such options, (4) the ranges of expiration dates of such options, and (5) the aggregate market values of such shares at February 12, 1996, based on \$33.00 per share, the closing sales price in the New York Stock Exchange Composite Transactions Index as reported in The Wall Street Journal:

	Aggregate No. of Shares Covered By Outstanding Options	Average Exercise Price Per Share	Aggregate Exercise Price	Range of Expiration Dates	Aggregate Market Value at February 12, 1996
	-----	-----	-----	-----	-----
1977 Amended Plan	170,650	\$20.84	\$ 3,556,700	7/14/96 to 7/13/97	\$ 5,631,500
1982 Amended Plan	4,697,323	\$25.16	\$118,196,600	7/14/96 to 7/17/05	\$155,011,659

At December 31, 1995, 1,004 employees of the Company and its subsidiaries and affiliates held exercisable options under the Company's stock option plans, consisting of 154 employees under the 1977 Amended Plan and 981 employees (some of whom also held options under the 1977 Amended Plan) under the 1982 Amended Plan.

EMPLOYEES' STOCK PURCHASE PLAN

The Company has an Employees' Stock Purchase Plan which was amended with shareholders' approval in 1994. As of December 31, 1995, 34,350 employees of the Company and its subsidiaries were eligible to participate. Of such employees, 10,600 were participating at December 31, 1995.

NON-EMPLOYEE DIRECTORS' STOCK OPTION PLAN

The Company has a stock option plan for non-employee Directors of the Company, which was approved by the shareholders in 1993. The plan provides for the granting of options to purchase the Company's common stock at prices equal to the market value of the stock at the date of grant. The options are exercisable after one year for a period not to exceed ten years from the date of grant. In 1993, 1994 and 1995, options were granted for 21,000, 21,000 and 24,000 shares, respectively, at per share exercise prices of \$24.25 in 1993, \$28.88 in 1994 and \$24.81 in 1995. These options expire between 4/19/03 and 4/18/05. At December 31, 1995, 63,000 options were outstanding, 39,000 options were exercisable and there were 64,000 options available for future grant. 21,000 options became exercisable during 1995 having an aggregate exercise price of \$606,400 and an aggregate market price at date of exercisability of \$525,000. As of February 12, 1996, the aggregate exercise price of the 63,000 options outstanding under the Plan was \$1,638,300 and the aggregate market value of those options was \$2,079,000.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

 SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

As discussed in Note 20, "Commitments and Contingencies," on pages 38 and 39 of the 1995 Annual Report, the Company and its consolidated subsidiaries are parties to various legal proceedings (judicial and administrative) arising in the normal course of business, including proceedings which involve environmental and products liability claims.

With respect to environmental claims, the Company is involved in investigative and/or remedial efforts at a number of locations, including "on-site" activities at currently or formerly owned facilities and "off-site" activities at "Superfund" sites where the Company has been named as a potentially responsible party. Note 1, "Summary of Accounting Policies - Environmental Compliance and Remediation" at page 28 of Dana's 1995 Annual Report and "Management's Discussion and Analysis of Results" at page 40 of Dana's 1995 Annual Report are incorporated herein by reference.

With respect to product liability claims, from time to time the Company is named in proceedings involving alleged defects in its products. Currently included in such proceedings are a large number of claims (most of which are relatively small) based on alleged asbestos-related personal injuries. At December 31, 1995, approximately 24,000 such claims were outstanding, of which approximately 7,000 were subject to pending settlement agreements. The Company has agreements with its insurance carriers providing for the payment of substantially all of the indemnity costs and the legal and administrative expenses for these claims. The Company is also a party to a small number of asbestos-related property damage proceedings. The Company's insurance carriers are paying the major portion of the defense costs in connection with such cases, and the Company has incurred no indemnity costs to date.

EXHIBIT INDEX

EXHIBIT

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- 3-A Restated Articles of Incorporation, amended effective June 1, 1994 (filed by reference to Exhibit 4 to Registrant's Form 8 - A/A, Amendment No. 3, filed on October 4, 1994)
 - 3-B Restated By-Laws of Registrant, effective January 1, 1996
 - 4-A Specimen Single Denomination Stock Certificate of Registrant (filed by reference to Exhibit 4 to Registrant's Registration Statement No. 33-47863 on Form S-3, filed on May 13, 1992)

No class of long-term debt of Registrant exceeds 10% of Registrant's total assets. Registrant agrees to furnish copies of agreements defining the rights of debt holders to the Securities and Exchange Commission upon request.
 - 4-B Rights Agreement, dated as of July 14, 1986, between Registrant and Chemical Bank (successor to Manufacturers Hanover Trust Company), Rights Agent (filed by reference to Exhibit 1 to Registrant's Form 8-K dated July 18, 1986)
 - 4-C Amendment to Rights Agreement, dated as of December 12, 1988, between Registrant and Chemical Bank (successor to Manufacturers Hanover Trust Company), Rights Agent (filed by reference to Exhibit 1 to Registrant's Form 8-K dated December 12, 1988)
 - 10-A Additional Compensation Plan, amended effective January 1, 1995 (filed by reference to Exhibit A to Registrant's Proxy Statement for its Annual Meeting of Shareholders held on April 5, 1995)
 - 10-A(1) First Amendment to the Additional Compensation Plan, dated July 17, 1995 (filed by reference to Exhibit 10-A(1) to Registrant's Quarterly Report for the fiscal quarter ended June 30, 1995)
 - 10-A(2) Second Amendment to the Additional Compensation Plan, effective January 1, 1996
 - 10-D(1) 1977 Incentive Stock Option Plan, as amended (filed by reference to Exhibit 1-D to Registration Statement No. 2-60466 filed December 13, 1977 and to Registrant's Proxy Statement for its Annual Meeting of Shareholders held on December 3, 1980)
 - 10-D(2) Amendment to 1977 Incentive Stock Option Plan, dated December 15, 1986 (filed by reference to Exhibit 10-D(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1986)
 - 10-D(3) Amendment to 1977 Incentive Stock Option Plan, dated December 10, 1990 (filed by reference to Exhibit 10-D(3) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

EXHIBIT INDEX (Continued)

EXHIBIT

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- 10-D(4) Fourth Amendment to 1977 Incentive Stock Option Plan, dated December 12, 1994 (filed by reference to Exhibit 10-D(4) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995)
- 10-D(5) Fifth Amendment to 1977 Incentive Stock Option Plan, dated December 11, 1995
- 10-E 1982 Amended Stock Option Plan (filed by reference to Exhibit A to Registrant's Proxy Statement for its Annual Meeting of Shareholders held on April 7, 1993)
- 10-F Excess Benefits Plan, amended February 13, 1995 (filed by reference to Exhibit 10-F to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995)
- 10-G Dana Corporation Retirement Plan, amended and restated as of December 13, 1994 (filed by reference to Exhibit 10-G to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995)
- 10-H Directors Retirement Plan, amended effective January 26, 1993 (filed by reference to Exhibit 10-H to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
- 10-I(1) Director Deferred Fee Plan, amended February 13, 1995 (filed by reference to Exhibit 10-L(1) to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1995)
- 10-I(2) Trust Agreement between Registrant and Society Bank and Trust dated October 18, 1993, as amended, under which Messrs. Bailar, Carpenter, Fridholm, Hiner, Stevenson and Sumner and Ms. Marks are each, and separately, beneficiaries (filed by reference to Exhibit 10-I(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995)
- 10-J(1) Employment Agreement between Registrant and Southwood J. Morcott, dated December 14, 1992 (filed by reference to Exhibit 10-J(6) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
- 10-J(2) Employment Agreement between Registrant and Martin J. Strobel, dated December 14, 1992 (filed by reference to Exhibit 10-J(7) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
- 10-J(3) Employment Agreement between Registrant and Carl H. Hirsch, dated December 14, 1992 (filed by reference to Exhibit 10-J(8) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
- 10-J(4) Employment Agreement between Registrant and James E. Ayers, dated December 14, 1992 (filed by reference to Exhibit 10-J(10) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
- 10-J(5) Employment Agreement between Registrant and Joe M. Magliochetti, dated December 14, 1992 (filed by reference to Exhibit 10-J(12) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

EXHIBIT INDEX (Continued)

EXHIBIT

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- 10-J(6) Amendment No. 1 dated February 13, 1995, to the Employment Agreement between Registrant and Southwood J. Morcott (filed by reference to Exhibit 10-J(14) to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended on June 30, 1995). Substantially similar amendments were made to the Employment Agreements of Messrs. Ayers, Hirsch, Magliochetti and Strobel.
- 10-J(7) Collateral Assignment Split-Dollar Insurance Agreement for Universal Life Policies between Registrant and Southwood J. Morcott, dated April 18, 1989. (filed by reference to Exhibit 10-J(13) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992) Messrs. Hirsch, Ayers and Magliochetti have substantially identical Agreements.
- 10-K Supplemental Benefits Plan, amended February 13, 1995 (filed by reference to Exhibit 10-K to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1995)
- 10-L(1) 1989 Restricted Stock Plan (filed by reference to Exhibit A of the Registrant's Proxy Statement for its Annual Meeting of Shareholders held on April 5, 1989)
- 10-L(2) First Amendment to 1989 Restricted Stock Plan, adopted December 10, 1990 (filed by reference to Exhibit 10-L(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
- 10-L(3) Second Amendment to 1989 Restricted Stock Plan, adopted October 18, 1993 (filed by reference to Exhibit 10-L(3) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993)
- 10-M Directors' Stock Option Plan (filed by reference to Exhibit B to Registrant's Proxy Statement for its Annual Meeting of Shareholders held on April 7, 1993)
- 10-M(1) First Amendment to Directors' Stock Option Plan, adopted April 18, 1994 (filed by reference to Exhibit 10-M(1) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995)
- 10-N Supplementary Bonus Plan, effective December 12, 1994 (filed by reference to Exhibit 10-N to Registrant's Quarterly Report for the fiscal quarter ended June 30, 1995)
- 13 The following sections of the 1995 Annual Report to Shareholders:
- Note 16. Business Segments (at pages 34-36 of the Annual Report)
 - Statement of Cash Flows (at page 25 of the Annual Report)
 - Note 1. Summary of Significant Accounting Policies - Environmental Compliance and Remediation (at page 28 of the Annual Report)
 - Additional Information - Shareholders' Investment (at page 50 of the Annual Report)
 - Eleven Year History - Financial Highlights (at page 51 of the Annual Report)

EXHIBIT INDEX (Continued)

EXHIBIT

13	Management's Discussion and Analysis of Results (at pages 40-45 of the Annual Report but excluding charts on those pages)
	Introduction to Financial Section, Financial Statements and Independent Accountants' Report (at pages 21-39 of the Annual Report)
	Unaudited Quarterly Financial Information (at page 50 of the Annual Report)
21	List of Subsidiaries of Registrant
23	Consent of Price Waterhouse LLP
24	Power of Attorney
27	Financial Data Schedule

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

SIGNATURES

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

DANA CORPORATION (Registrant)

Date: March 5, 1996 By: /s/Martin J. Strobel

Martin J. Strobel, Vice President

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

Date: March 5, 1996 /s/Southwood J. Morcott

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

Date: March 5, 1996 /s/James E. Ayers

James E. Ayers, Chief Financial Officer

Date: March 5, 1996 /s/Charles W. Hinde

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

Date: March 5, 1996 */s/B.F. Bailar

B. F. Bailar, Director

Date: March 5, 1996 */s/E.M. Carpenter

E. M. Carpenter, Director

Date: March 5, 1996 */s/E. Clark

E. Clark, Director

Date: March 5, 1996 */s/R.T. Fridholm

R. T. Fridholm, Director

Date: March 5, 1996 */s/G.H. Hiner

G. H. Hiner, Director

SIGNATURES (Continued)

Date: March 5, 1996 * /s/M. R. Marks

M. R. Marks, Director

Date: March 5, 1996 * /s/J. D. Stevenson

J. D. Stevenson, Director

Date: March 5, 1996 * /s/T. B. Sumner

T. B. Sumner, Jr., Director

*By:/s/Martin J. Strobel

Martin J. Strobel, Attorney-in-Fact

RESTATED BY-LAWS

OF

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DANA CORPORATION
-----(EFFECTIVE JANUARY 1, 1996)
-----ARTICLE I
-----STOCKHOLDERS' MEETING

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

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

ARTICLE II
-----BOARD OF DIRECTORS

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

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

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

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

ARTICLE III

COMMITTEES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

OFFICERS

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

----- INDEMNIFICATION -----

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

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

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

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

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

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

ARTICLE VI

Voting of Stock Held

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

ARTICLE VII

Lost Stock Certificates

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

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

ARTICLE VIII

Seal

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

ARTICLE IX

Restrictions on Transfer

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

SECOND AMENDMENT TO THE DANA CORPORATION
ADDITIONAL COMPENSATION PLAN

Pursuant to Resolutions of the Corporation's Board of Directors adopted on December 12, 1995, the Dana Corporation Additional Compensation Plan (the "Plan") is hereby amended, effective January 1, 1996, as follows:

1. Amend the first four sentences of the sixth paragraph of Section 5A of the Dana Corporation Additional Compensation Plan ("Plan") to read in their entirety as follows:

"Each Participant may convert, in any percentage increment or dollar amount, any or all of the units credited to his Stock Account into an equivalent dollar balance in the Interest Equivalent Account. Effective January 1, 1996, these election(s) can be made at any time within five years following the participant's retirement or termination of service, and shall be effective on the day the election is received by the Corporation. Any election made under this paragraph shall be given in writing to the Chief Financial Officer of the Corporation."

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FIFTH AMENDMENT TO 1977 INCENTIVE STOCK OPTION PLAN

The following language is added to the end of Section 7 of the Corporation's 1977 Incentive Stock Option Plan ("Plan"), effective December 11, 1995:

Appropriate provision shall be made for all taxes the Corporation determines to be required to be withheld in connection with the exercise of any option or stock appreciation right under the laws or other regulations of any governmental authority, whether Federal, state, or local and whether domestic or foreign. In the event that an optionee is required to pay to the Corporation any amount to be withheld in connection with the exercise of an option, the optionee may satisfy such obligation, in whole or in part, by electing to have the Corporation withhold a portion of the shares of stock to be received upon the exercise of the option, otherwise issuable to the optionee upon such exercise, having a value equal to the amount to be withheld (or such portion thereof as the optionee may elect). The value of the shares to be withheld shall be their fair market value on the date that the amount of tax to be withheld is to be determined (the "Tax Date"). Such "fair market value" shall be the mean between the highest and lowest prices of a share of the Corporation's Common Stock, as reported on the Consolidated Transactions Reporting System, or its equivalent successor, for the Tax Date.

Any election by an optionee to have shares withheld under this Section 7 shall be subject to such terms and conditions as the Committee may specify, and to the following restrictions:

- (i) the election shall be irrevocable;
- (ii) the election shall be subject, in whole or in part, to the approval of the Committee and to such rules as it may adopt;
- (iii) in the case of an optionee subject to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended and in effect at the time, the election must be made either (a) not less than six months prior to the Tax Date, or (b) during the period beginning on the third business day following the date of release for publication of the Corporation's quarterly or annual summary statements of sales and earnings and ending on the twelfth business day following such date.

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INTRODUCTION TO FINANCIAL SECTION

DANA CORPORATION

GROWTH AND FINANCIAL PERFORMANCE

At the beginning of this decade, Dana established clear strategic growth objectives for the 1990's. We believed there was an opportunity for strong worldwide growth where we had solid technology and leadership in core products such as axles, driveshafts, gaskets, and other components. We realized this growth would require expansions of existing capacity, new greenfield plants, and acquisitions in many different countries. In addition, it would require extensive training and support from Dana's core business units. Dana's people accepted this challenge, and sales have grown over 50% since 1990.

Best of all, along with the strong sales growth has come financial performance. This has been rewarding for the shareholders, as increased earnings have supported an approximate 100% increase in Dana's stock price since 1990.

CASH FLOWS AND FUTURE OUTLOOK

During the year, \$91 million, or 32%, of profits were distributed to shareholders as we continued Dana's strong historical record of 60 consecutive years of cash dividends. The balance of \$197 million, or 68%, was reinvested in new facilities and acquisitions for future growth. The total base of manufacturing assets continues to be realigned, expanded, and aggressively strengthened with new technology to support these opportunities. Dana's operating units believe these investments will yield good future growth and financial performance. We agree and will carefully focus on those with the most strategic value and highest investment returns.

So, in summary, with product and manufacturing technology leading the way, Dana's operations are rapidly strengthening their presence in the global markets. As we stated last year, the ideas and skills of our people are the engine of this growth. Their efforts and accomplishments are truly creating an exciting future for all of Dana.

LOGO

/s/ Jim Ayers

Jim Ayers
Chief Financial Officer

RESPONSIBILITY FOR FINANCIAL STATEMENTS

We have prepared the accompanying consolidated financial statements and related information included herein for the three years ended December 31, 1995.

The management of Dana Corporation is primarily responsible for the accuracy of the financial information that is presented in this annual report. These statements were prepared in accordance with generally accepted accounting principles and, where appropriate, we used our estimates and judgment with consideration to materiality.

To meet management's responsibility for financial reporting, we have established internal control systems which we believe are adequate to provide reasonable assurance that our assets are protected from loss. These systems produce data used for the preparation of financial information.

We believe internal control systems should be designed to provide accurate information at a reasonable cost which is not out of line with the benefits to be received. These systems and controls are reviewed by our internal auditors in order to ensure compliance, and by our independent accountants to support their audit work.

The Audit Committee of the Board of Directors meets regularly with management, internal auditors and our independent accountants to review accounting, auditing and financial matters. Our Audit Committee is composed only of outside directors. This committee and the independent accountants have free access to each other with or without management being present.

We believe people are Dana's most important asset. The proper selection, training and development of our people is a means of ensuring that effective internal controls and fair, uniform reporting are maintained as standard practice throughout the Corporation.

/s/ James E. Ayers

James E. Ayers
Chief Financial Officer

/s/ Melvin H. Rothlisberger

Melvin H. Rothlisberger
Vice President and Corporate Controller

REPORT OF INDEPENDENT ACCOUNTANTS

Price Waterhouse LLP

LOGO

To the Board of Directors and Shareholders
of Dana Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of shareholders' equity and of cash flows, including pages 23 through 39, present fairly, in all material respects, the financial position of Dana Corporation and its subsidiaries at December 31, 1994 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 15 to the consolidated financial statements, the Company changed its method of accounting for postemployment benefits effective January 1, 1993.

/s/ Price Waterhouse LLP

Toledo, Ohio
January 25, 1996

A copy of the Annual Report as filed with the Securities and Exchange Commission on Form 10-K will be mailed at no charge upon request to the Secretary, Dana Corporation, P.O. Box 1000, Toledo, Ohio 43697.

BALANCE SHEET
in millions except par value

DANA CORPORATION

	December 31	
	1994	1995
ASSETS		
Cash	\$ 48.2	\$ 30.3
Marketable securities, at cost which approximates market	64.0	36.3
Accounts receivable, less allowance for doubtful accounts of \$19.6 - 1994 and \$23.5 - 1995	960.4	1,081.6
Inventories	740.2	874.8
Lease financing	931.0	1,004.9
Investments and other assets	793.2	810.7
Deferred income tax benefits	226.6	206.0
Property, plant and equipment, net	1,347.2	1,649.5
Total Assets	\$5,110.8	\$5,694.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt	\$ 583.1	\$ 791.4
Accounts payable	390.2	430.6
Other liabilities	749.1	742.4
Deferred employee benefits	1,109.9	1,096.2
Long-term debt	1,186.5	1,315.1
Total Liabilities	4,018.8	4,375.7
Minority interest in consolidated subsidiaries	152.2	153.8
Shareholders' equity		
Common stock, \$1 par value, shares authorized, 240.0; shares issued, 98.8 - 1994 and 101.5 - 1995	98.8	101.5
Additional paid-in capital	61.0	68.9
Retained earnings	887.7	1,096.3
Deferred translation adjustments	(84.9)	(88.6)
Deferred pension expense	(22.8)	(13.5)
Total Shareholders' Equity	939.8	1,164.6
Total Liabilities and Shareholders' Equity	\$5,110.8	\$5,694.1

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

STATEMENT OF INCOME
in millions except per share amounts

DANA CORPORATION

	Year Ended December 31		
	1993	1994	1995
NET SALES	\$5,460.1	\$6,613.8	\$7,597.7
Revenue from lease financing and other income	127.4	148.7	189.0
Foreign currency adjustments	(24.2)	(22.0)	7.8
	5,563.3	6,740.5	7,794.5
Costs and expenses			
Cost of sales	4,675.5	5,624.0	6,449.7
Selling, general and administrative expenses	522.6	611.5	685.2
Interest expense	137.3	113.4	146.4
	5,335.4	6,348.9	7,281.3
Income before income taxes	227.9	391.6	513.2
Estimated taxes on income	89.6	157.4	181.2
Income before minority interest and equity in earnings (losses) of affiliates	138.3	234.2	332.0
Minority interest	(26.2)	(30.2)	(40.4)
Equity in earnings (losses) of affiliates	16.4	24.2	(3.5)
Income before the effect of a change in accounting principle	128.5	228.2	288.1
Effect on prior years of the change in accounting for postemployment benefits	(48.9)		
NET INCOME	\$ 79.6	\$ 228.2	\$ 288.1
Net income per common share before the effect of a change in accounting principle	\$1.39	\$2.31	\$2.84
Effect on prior years of the change in accounting for postemployment benefits	(.53)		
NET INCOME PER COMMON SHARE	\$.86	\$2.31	\$2.84
Cash dividends declared and paid per common share	\$.80	\$.83	\$.90
Average shares outstanding	92.5	98.7	101.3

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

5
STATEMENT OF CASH FLOWS
in millions

DANA CORPORATION

	Year Ended December 31		
	1993	1994	1995
Net cash flows from operating activities	\$ 484.6	\$ 465.8	\$ 377.8
Cash flows from investing activities:			
Purchases of property, plant and equipment	(204.0)	(337.2)	(409.7)
Purchases of assets to be leased	(277.0)	(373.4)	(400.3)
Purchase of minority interest of Hayes-Dana, Inc.			(92.4)
Purchase of European axle group			(93.0)
Other acquisitions, additions to investments and other assets	(72.1)	(22.6)	(40.4)
Loans made to customers and partnership affiliates	(22.8)	(39.3)	(25.4)
Payments received on leases	164.1	195.5	201.0
Proceeds from sales of certain assets and subsidiaries	75.3	55.1	93.4
Proceeds from sales of leased assets	31.2	37.0	58.9
Payments received on loans	18.3	38.7	49.1
Other	20.5	23.3	27.2
Net cash flows - investing activities	(266.5)	(422.9)	(631.6)
Cash flows from financing activities:			
Net change in short-term debt	41.5	84.2	191.0
Issuance of long-term debt	578.3	355.4	418.1
Payments on long-term debt	(776.2)	(373.2)	(314.9)
Dividends paid	(73.8)	(82.0)	(91.2)
Other	14.3	7.3	5.2
Net cash flows - financing activities	(215.9)	(8.3)	208.2
Net increase (decrease) in cash and cash equivalents	2.2	34.6	(45.6)
Cash and cash equivalents - beginning of year	75.4	77.6	112.2
Cash and cash equivalents - end of year	\$ 77.6	\$ 112.2	\$ 66.6
Reconciliation of net income to net cash flows from operating activities:			
Net income	\$ 79.6	\$ 228.2	\$ 288.1
Noncash items included in income:			
Effect on prior years of the change in accounting for postemployment benefits	48.9		
Depreciation and amortization	195.7	210.6	245.8
Unremitted earnings of affiliates	(1.9)	(15.7)	4.3
Deferred income taxes	31.1	59.4	11.7
Minority interest	13.4	12.4	7.0
Change in accounts receivable	(98.7)	(106.1)	(67.5)
Change in inventories	8.9	(82.8)	(81.8)
Change in other operating assets	(27.7)	(.6)	8.1
Change in operating liabilities	211.9	132.2	(34.2)

Additions to lease and loan loss reserves and adjustment of real estate to net realizable value	23.3	25.5	17.2
- - - - -	- - - - -	- - - - -	- - - - -
Other	.1	2.7	(20.9)
- - - - -	- - - - -	- - - - -	- - - - -
Net cash flows from operating activities	\$ 484.6	\$ 465.8	\$ 377.8
- - - - -	- - - - -	- - - - -	- - - - -

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

STATEMENT OF SHAREHOLDERS' EQUITY
in millions except par value

DANA CORPORATION

	\$1 PAR VALUE COMMON STOCK ISSUED	STOCK TREASURY	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	DEFERRED PENSION AND TRANSLATION ADJUSTMENTS	SHAREHOLDERS' EQUITY
Balance, December 31, 1992	\$ 64.4	\$(611.0)	\$ 522.1	\$ 803.4	\$ (71.9)	\$ 707.0
Net income for the year ended December 31, 1993				79.6		79.6
Cash dividends declared				(73.8)		(73.8)
Issuance of shares for employee stock plans	.4	1.5	14.2			16.1
Deferred translation adjustments					(20.6)	(20.6)
Conversion of 5 7/8% debentures to common stock	2.9		92.0			94.9
Cost of shares reacquired		(1.8)				(1.8)
Balance, December 31, 1993	67.7	(611.3)	628.3	809.2	(92.5)	801.4
Net income for the year ended December 31, 1994				228.2		228.2
Cash dividends declared				(82.0)		(82.0)
Two-for-one common stock split	67.7			(67.7)		
Issuance of shares for director and employee stock plans	.3	1.6	6.2			8.1
Deferred translation adjustments					7.6	7.6
Deferred pension expense adjustments					(22.8)	(22.8)
Cost of shares reacquired		(.7)				(.7)
Retirement of treasury shares	(36.9)	610.4	(573.5)			
Balance, December 31, 1994	98.8	-0 -	61.0	887.7	(107.7)	939.8
NET INCOME FOR THE YEAR ENDED DECEMBER 31, 1995				288.1		288.1
CASH DIVIDENDS DECLARED				(91.2)		(91.2)
ISSUANCE OF SHARES IN CONNECTION WITH ACQUISITIONS	2.5		2.9	11.7		17.1
DEFERRED TRANSLATION ADJUSTMENTS					(3.7)	(3.7)
DEFERRED PENSION EXPENSE ADJUSTMENTS					9.3	9.3
COST OF SHARES REACQUIRED			(1.0)			(1.0)
ISSUANCE OF SHARES FOR EMPLOYEE STOCK PLANS	.2		6.0			6.2
BALANCE, DECEMBER 31, 1995	\$101.5	\$ -0-	\$ 68.9	\$1,096.3	\$(102.1)	\$ 1,164.6

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

NOTE 1. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

Dana Corporation is a global leader in the engineering, manufacturing and distribution of products and systems for the worldwide vehicular, industrial and mobile off-highway markets. Dana also owns Dana Credit Corporation (DCC), a leading provider of lease financing services in certain markets.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The following summary of significant accounting policies of Dana Corporation is presented to assist the reader in evaluating the financial statements. Where appropriate, certain amounts in 1993 and 1994 have been reclassified to conform with the 1995 presentation.

PRINCIPLES OF CONSOLIDATION

Dana's consolidated financial statements include all significant United States (U.S.) and international subsidiaries, including its indirect wholly-owned leasing subsidiary, DCC. Affiliated companies (20% to 50% Dana ownership) are generally recorded in the consolidated statements using the equity method of accounting. Operations of affiliates outside North America accounted for on the equity method of accounting are generally included for periods ended within two months of Dana's year end to ensure preparation of consolidated financial statements on a timely basis. Prior to 1995, consolidated subsidiaries outside of North America were generally included for periods ended within one month of Dana's year end, however, in 1995 the period was changed to eliminate the one month delay. The effect of this change was not material to the consolidated financial statements. Less than 20% owned companies are included in the consolidated financial statements at the cost of Dana's investment. Dividends, royalties and fees from these cost basis affiliates are recorded in Dana's consolidated financial statements when received.

FOREIGN CURRENCY TRANSLATION

The financial statements of the Company's subsidiaries and equity affiliates outside the U.S., located in non-highly inflationary economies, are measured using the local currency as the functional currency. Income and expense items are translated at average monthly rates of exchange. Gains and losses from currency transactions of these affiliates are included in net earnings. Assets and liabilities of these affiliates are translated at the rates of exchange at the balance sheet date. The resultant translation adjustments are included as deferred translation adjustments as a component of shareholders' equity. For affiliates operating in highly inflationary economies, such as Brazil, non-monetary assets are translated at historical exchange rates and monetary assets are translated at current exchange rates. Translation adjustments are included in the determination of income.

INVENTORIES

Inventories are valued at the lower of cost or market. Cost is determined generally on the last-in, first-out basis for U.S. inventories and on the first-in, first-out or average cost basis for international inventories.

LEASE FINANCING

Lease financing consists of direct financing leases, leveraged leases and equipment on operating leases. Income on direct financing leases is recognized by a method which produces a constant periodic rate of return on the outstanding investment in the lease. Income on leveraged leases is recognized by a method which produces a constant rate of return on the outstanding investment in the lease net of the related deferred tax liability in the years in which the net investment is positive. Initial direct costs are deferred and amortized using the interest method over the lease period. Equipment under operating leases is recorded at cost, net of accumulated depreciation. Income from operating leases is recognized ratably over the term of the leases.

ALLOWANCE FOR LOSSES ON LEASE FINANCING

Provisions for losses on lease financing receivables are determined on the basis of loss experience and assessment of prospective risk. Resulting adjustments to the allowance for losses are made to adjust net investment in lease financing to an estimated collectible amount. Income recognition is generally discontinued on accounts which are contractually past due and where no payment activity has occurred within 120 days. Accounts are charged against the allowance for losses when determined to be uncollectible. Accounts for which equipment repossession has commenced as the primary means of recovery are classified within other assets at their estimated realizable value.

GOODWILL

Cost in excess of net assets of companies acquired is generally amortized over the estimated period of expected benefit, ranging from 10 to 40 years.

LOANS RECEIVABLE

Loans receivable consist primarily of loans to partnership affiliates and loans secured by first mortgages on real property. The loans to partnership

affiliates are secured by the partnerships' assets.

NOTES TO FINANCIAL STATEMENTS
in millions except share and per share amounts

DANA CORPORATION

NOTE 1. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONT'D.)

ALLOWANCE FOR LOSSES ON LOANS RECEIVABLE

Provisions for losses on loans receivable are determined on the basis of loss experience and assessment of prospective risk. Resulting adjustments to the allowance for losses are made to adjust loans receivable to an estimated collectible amount. Income recognition is generally discontinued on accounts which are contractually past due and where no payment activity has occurred within 120 days. Accounts are charged against the allowance for losses when determined to be uncollectible.

INCOME TAXES

Current tax liabilities and assets are recognized for the estimated taxes payable or refundable on the tax returns for the current year. Deferred tax liabilities or assets are recognized for the estimated future tax effects attributable to temporary differences and carryforwards that result from events that have been recognized in either the financial statements or the tax returns, but not both. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax laws. Deferred tax assets are reduced, if necessary, by the amount of any tax benefits that are not expected to be realized. Dana uses the "flow-through" method of accounting for investment tax credits, except for investment tax credits arising from leveraged leases and certain direct financing leases for which the deferred method is used for financial statement purposes.

PROPERTIES AND DEPRECIATION

Property, plant and equipment is valued at historical costs. Depreciation is computed over the estimated useful lives of property, plant and equipment using primarily the straight-line method for financial reporting purposes and primarily accelerated depreciation methods for federal income tax purposes.

FINANCIAL INSTRUMENTS

The reported fair values of financial instruments are based on a variety of factors. Where available, fair values represent quoted market prices for identical or comparable instruments. Where quoted market prices are not available, fair values have been estimated based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of credit risk. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of December 31, 1994 and 1995, or that will be realized in the future.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into various types of interest rate and foreign currency agreements but does not trade in derivative financial instruments. Gains and losses relating to qualifying hedges of firm commitments or anticipated transactions are deferred and recognized as adjustments of carrying amounts when the hedged transaction occurs. Interest rate swaps and caps are primarily used to manage exposure to fluctuations in interest rates. Differentials paid or received on interest rate agreements are accrued and recognized as adjustments to interest expense. Premiums paid on interest rate caps are amortized to interest expense over the term of the agreement and unamortized premiums are included in other assets.

DCC has one interest rate-based option which is marked to market and included in other liabilities. Changes in the fair value of this instrument are reported in other income.

ENVIRONMENTAL COMPLIANCE AND REMEDIATION

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Estimated costs are based upon enacted laws and regulations, existing technology and the most probable method of remediation. The costs determined are not discounted and exclude the effects of inflation and other societal and economic factors. Where the cost estimates result in a range of equally probable amounts, the lower end of the range is accrued.

PENSION PLANS

Annual net periodic pension costs under the Company's defined benefit pension plans are determined on an actuarial basis. Dana's policy is to fund these costs as accrued, including amortization of the initial unrecognized net obligation over 15 years and obligations arising due to plan amendments over the period benefited, through deposits with trustees and purchases of group annuity contracts. Benefits are determined based upon employees' length of service, wages and a combination of length of service and wages.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Annual net postretirement benefits liability and expense under the Company's benefit plans are determined on an actuarial basis. Dana's current policy is to pay these benefits as they become due. Benefits are determined primarily based upon employees' length of service and include applicable employee cost sharing.

NOTES TO FINANCIAL STATEMENTS
in millions except share and per share amounts

DANA CORPORATION

NOTE 1. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONT'D.)

POSTEMPLOYMENT BENEFITS

Annual net postemployment benefits liability and expense under the Company's benefit plans are accrued as service is rendered for those obligations that accumulate or vest and can be reasonably estimated. Obligations that do not accumulate or vest are recorded when payment of the benefits is probable and the amounts can be reasonably estimated.

NET INCOME PER COMMON SHARE

Primary earnings per common share is computed on the basis of the weighted average number of common shares outstanding during each year. Shares reserved for issuance under the Company's stock option and deferred compensation plans did not have a material dilutive effect on earnings per share. If the 1993 conversion of the 5 7/8% debentures had occurred at the beginning of that year, it would not have had a material effect on earnings per share.

STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, the Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2. COMMON SHARES

In connection with employee stock plans, Dana reacquired 68,246 shares in 1993, 23,570 in 1994 and 36,372 in 1995.

At December 15, 1993, the final day the 5 7/8% debentures could be converted, holders of \$146.7 principal amount of debentures had converted their debentures into 5,818,624 shares of Dana common stock resulting in a noncash increase to shareholder's equity of \$94.9.

In April 1994, Dana's Board of Directors approved a two-for-one stock split effective for shareholders of record on June 1, 1994. Share and per share amounts have been restated to reflect the stock split.

During 1994, Dana retired all of the common shares held in treasury. The cost of reacquired shares in excess of par value was charged to additional paid-in capital.

The weighted average number of common shares outstanding was 92,532,938 in 1993, 98,688,775 in 1994 and 101,296,858 in 1995.

NOTE 3. PREFERRED SHARE PURCHASE RIGHTS

The Rights Agreement adopted by Dana's Board in 1986 and amended in 1988 provides that one Preferred Share Purchase Right be issued for each share of Dana common stock outstanding on and after July 25, 1986. In certain circumstances, the holder of each Right may buy, at an exercise price of \$50, one 1/200th of a share of Junior Participating Preferred Stock. The Rights are exercisable only if a person or entity acquires, or announces a tender offer which would result in acquiring, beneficial ownership of 20% of Dana's common stock. Dana may redeem the Rights at \$.025 each before a 20% position has been acquired. The Rights expire on July 25, 1996, unless redeemed sooner.

If 30% of Dana's common stock is acquired, or certain transactions occur which increase a 20% holder's ownership by more than 1%, or a 20% holder engages in certain self-dealing activities, the holder of each Right may purchase a number of Dana common shares having a market value equal to twice the Right's current exercise price.

If Dana is acquired in a merger or similar transaction or 50% of its assets or earning power are transferred, the holder of each Right may purchase a number of the acquiring company's common shares having a market value equal to twice the Right's current exercise price.

If 30% (but less than 50%) of Dana's common stock is acquired, the Board may exchange each Right for one share of Dana's common stock.

In the above situations, the Rights owned by any 20% or more holder become void and cannot be exercised.

Before a 20% position has been acquired, Dana's Board may reduce the above percentage thresholds to not less than 15%.

NOTE 4. PREFERRED SHARES

Dana has authorized 5,000,000 shares of preferred stock, without par value, including 1,000,000 shares which have been reserved for issuance under the Rights Agreement. At December 31, 1995, no shares of preferred stock had been issued.

NOTE 5. INVENTORIES

The components of inventory are as follows:

	December 31	
	1994	1995
Raw materials	\$186.4	\$230.1
Work in process and finished goods	553.8	644.7
	\$740.2	\$874.8

Inventories amounting to \$431.6 and \$445.1 at December 31, 1994 and 1995 were valued using the LIFO method. If all inventories were valued at replacement cost, inventories would be increased by \$106.5 and \$117.5 at December 31, 1994 and 1995, respectively.

NOTES TO FINANCIAL STATEMENTS
in millions

DANA CORPORATION

NOTE 6. INTERNATIONAL OPERATIONS

The following is a summary of the significant financial information of Dana's consolidated international subsidiaries:

	1993	December 31 1994	1995
Assets	\$1,167.9	\$1,518.5	\$1,928.9
Liabilities	577.4	814.2	1,113.6
Net sales	1,327.8	1,645.5	2,121.9
Net income	49.3	68.1	119.5
Dana's equity in:			
Net assets	448.7	552.5	662.0
Net income	23.1	38.1	81.7

Cumulative undistributed earnings of international subsidiaries for which U.S. income taxes, exclusive of foreign tax credits, have not been provided approximated \$331.3 at December 31, 1995. Management intends to permanently reinvest undistributed earnings of Dana's international subsidiaries, accordingly, no U.S. income taxes have been provided on these undistributed earnings. If the total undistributed earnings of international subsidiaries had been remitted in 1995, a significant amount of the additional tax provision would be offset by foreign tax credits.

Dana's consolidated international subsidiaries are located throughout the world with no individual subsidiary or country accounting for more than 10% of consolidated sales or assets. With the exception of certain affiliates located in South America, the functional currency of the Company's international subsidiaries is the local currency. Certain subsidiaries have transactions in currencies other than their functional currencies and from time to time enter into forward and option contracts to hedge the purchase of inventory or to sell nonfunctional currency receipts. Currency forward and option contracts in the aggregate are not material.

Dana has equity interests (20% to 50% ownership) in a number of affiliated companies in South America, Asia and other areas of the world. The following is a summary of the significant financial information of affiliated companies accounted for on the equity method:

	1993	December 31 1994	1995
Current assets	\$629.0	\$409.6	\$343.3
Other assets	323.4	356.4	244.2
Current liabilities	577.7	424.7	463.4
Other liabilities	147.5	136.1	54.8
Shareholders' equity	227.2	205.2	69.3
Net sales	972.0	846.8	682.5
Gross profit	193.0	162.3	140.8
Net income (loss)	39.6	40.3	(22.1)
Dana's equity in:			
Net assets	92.3	100.5	44.8
Net income (loss)	13.2	18.9	(8.4)

NOTE 7. INVESTMENTS IN PARTNERSHIPS

Certain DCC subsidiaries have a number of U.S. investments in partnerships which are accounted for on the equity method. Dana's share of earnings of these partnerships is included in income as earned. The partnerships are engaged primarily in the leasing and financing of equipment or real estate to commercial entities.

Summarized financial information of the partnerships on a combined basis is as follows:

	1993	December 31 1994	1995
Assets	\$956.8	\$939.5	\$932.4
Liabilities	733.1	743.7	757.7

Partners' capital	223.7	195.8	174.7
Revenue	115.4	130.1	116.2
Net income	6.8	9.7	9.0
Dana's share in:			
Net assets	80.0	58.0	44.5
Net income	3.2	5.3	4.9

NOTE 8. SHORT-TERM DEBT

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

At December 31, 1995, Dana had \$30.0 of commercial paper outstanding, \$275.8 borrowed against uncommitted bank lines and \$28.9 of bank overdrafts at its international subsidiaries. DCC had \$227.3 of commercial paper issued, \$15.9 and \$128.5 borrowed against committed and uncommitted borrowing lines, respectively, and Diamond Financial Holdings, Inc. (DFHI) had \$25.0 and \$60.0 borrowed against their committed and uncommitted borrowing lines.

Dana, DCC and DFHI have committed borrowing lines of \$405.0, \$379.0 and \$30.0, respectively, and uncommitted borrowing lines of \$1,024.0, \$435.0 and \$60.0. The banks providing committed lines are compensated with facility or commitment fees. Amounts paid are not considered to be material and no fees are required for the uncommitted bank lines.

Selected details of short-term borrowings are as follows:

	Amount	Weighted average interest rate
-----	-----	-----
Balance at December 31, 1994	\$583.1	6.4%
Average during 1994	585.6	5.2%
Maximum during 1994		
(month end)	651.3	5.4%
BALANCE AT DECEMBER 31, 1995	791.4	6.5%
AVERAGE DURING 1995	641.5	6.6%
MAXIMUM DURING 1995		
(MONTH END)	791.4	6.5%

NOTES TO FINANCIAL STATEMENTS
in millions except share and per share amounts

DANA CORPORATION

NOTE 9. LONG-TERM DEBT

	December 31	
	1994	1995
Corporate indebtedness --		
Unsecured notes payable,		
fixed rates, 4.90% -		
8.99%, due 1996 to 2000	\$ 447.0	\$ 607.0
Unsecured notes payable,		
variable rates, 6.41% -		
6.69%, due 1996 to 1998	70.0	70.0
Various industrial revenue		
bonds and other	7.3	9.2
DCC indebtedness --		
Various notes payable,		
unsecured, variable		
rates, 5.92% - 7.21%, due		
1996 to 1998	425.5	331.8
Various notes payable,		
unsecured, fixed rates,		
5.52% - 9.99%, due 1996		
to 2000	187.9	244.4
Various notes payable, non-		
recourse to issuer, 7.20%		
- 12.05%, due 1996 to		
2002	31.6	24.5
Indebtedness of other		
consolidated subsidiaries	17.2	28.2
	\$1,186.5	\$1,315.1

Interest paid on short-term and long-term debt was \$134.0, \$114.7 and \$143.0 during 1993, 1994 and 1995, respectively.

The aggregate amounts of maturities of all long-term debt for each of the five years succeeding December 31, 1995, are as follows: 1996, \$341.3; 1997, \$422.2; 1998, \$364.2; 1999, \$89.3 and 2000, \$80.5.

NOTE 10. INTEREST RATE AGREEMENTS

Dana and DCC enter into interest rate agreements to manage interest rate risk, thereby reducing exposure to future interest rate movements. Under interest rate swap agreements, Dana agrees with other parties to exchange, at specific intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional amount. At December 31, 1995, Dana was committed to pay an average fixed rate of 7.0% and receive a variable rate of 6.2% on notional amounts of \$88.4. The notional amounts of interest rate swaps expire as follows: 1996, \$28.4 and 1998, \$60.0.

At December 31, 1995, DCC was committed to pay an average fixed rate of 7.0% and receive a variable rate of 6.0% on notional amounts of \$368.1 and receive an average fixed rate of 5.2% and pay an average variable rate of 5.8% on notional amounts of \$40.0. DCC's notional amounts of interest rate swaps expire as follows: 1996, \$60.5; 1997, \$75.6; 1998, \$56.4; 1999, \$57.8; 2000, \$132.8 and 2002, \$25.0.

DCC also utilizes interest rate cap agreements to reduce the impact of changes in interest rates on its floating rate debt. At December 31, 1995, cap agreements covering \$14.7 of variable rate Canadian dollar debt entitle DCC to recover from the counterparty the amounts, if any, by which actual three-month Canadian bankers acceptance rates exceed 9.5% - 10% through June 1997.

To reduce its interest rate obligations under an existing swap agreement having a notional amount of \$70.0, DCC granted the counterparty an option, expiring in 2000, to extend the original maturity to 2007 at a fixed rate to DCC of 9.0%. This option has been marked to market.

NOTE 11. STOCK OPTION PLANS

The Company's employee stock option plans provide for the granting of options at prices no less than 85% of the market value at the date of grant and the options are exercisable for a period not to exceed ten years from date of grant. The plans provide for the granting of stock appreciation rights separately or in conjunction with all or any part of an option, either at the time of grant or at any subsequent time during the term of the option. While the plans provide for grants of options and stock appreciation rights at 85% of market, to date all grants have been at market value at date of grant.

The following summarizes the stock option transactions for the years ended December 31, 1994 and 1995:

	Number of shares	Per share option price	

Outstanding at			
December 31, 1993	1,697,259	\$22.13	- \$55.13
Restated for stock split	3,394,518	11.06	- 27.56
Granted -- 1994	1,045,950	29.06	
Exercised -- 1994	(309,915)	11.06	- 23.44
Cancelled -- 1994	(19,150)	11.06	- 23.44

Outstanding at			
December 31, 1994	4,111,403	\$12.94	- \$29.06
GRANTED -- 1995	991,000	31.06	
EXERCISED -- 1995	(223,430)	12.94	- 29.06
CANCELLED -- 1995	(11,000)	15.78	- 29.06

OUTSTANDING AT			
DECEMBER 31, 1995	4,867,973	\$12.94	- \$31.06

EXERCISABLE AT			
DECEMBER 31, 1995	2,475,190		

SHARES AVAILABLE FOR FUTURE GRANTS AT			
DECEMBER 31, 1995	4,568,606		

NOTES TO FINANCIAL STATEMENTS
in millions except share and per share amounts

DANA CORPORATION

NOTE 11. STOCK OPTION PLANS (CONT'D.)

In 1993, the shareholders approved a stock option plan for non-employee Directors of the Company. The plan provides for the automatic granting of options at prices equal to the market value at the date of grant and the options are exercisable after one year for a period not to exceed ten years from date of grant. In 1993, options were granted under this plan to purchase 10,500 shares at \$48.50 per share (21,000 shares at \$24.25 on a post stock split basis). During 1994, options were granted to purchase 21,000 at \$28.88 per share and options to purchase 3,000 shares were exercised at \$24.25 per share. During 1995, options were granted to purchase 24,000 shares at \$24.81 per share. No options were exercised under this plan during 1995. At December 31, 1995, there were 63,000 options outstanding at exercise prices ranging from \$24.25 to \$28.88 per share, options for 39,000 shares were exercisable and there were 64,000 options available for future grants under this plan.

During 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." This statement sets forth standards for accounting for stock-based compensation or allows companies to continue to account for stock-based compensation under the requirements of Accounting Principles Board Opinion No. 25 and make additional disclosure in the notes to the financial statements. It is Dana's intention to continue to account for stock-based compensation in accordance with APB Opinion No. 25 and provide the additional disclosure in the notes to the financial statements in 1996.

NOTE 12. STOCK PURCHASE PLAN

All full-time U.S. and certain non-U.S. employees are eligible to participate in Dana's employee stock purchase plan. The plan provides that participants may authorize Dana to withhold up to 15% of earnings and deposit such amounts with an independent custodian. The custodian causes to be purchased, as nominee for the participants, common stock of Dana at prevailing market prices, allocates the shares to the participants' accounts and distributes the shares to the participants upon request.

Under the plan, Dana contributes on behalf of each participant up to 50% of the participant's contributions. The Company's contributions will accumulate over a five-year period, provided that the shares are left in the plan. If any shares are withdrawn by a participant before the end of five years, the amount of the Company match toward those shares will depend on the period of time that the shares have been in the plan. The custodian has caused to be purchased 687,800 shares in 1993, 782,225 shares in 1994 and 1,025,354 shares in 1995 of Dana's common stock on behalf of the employees and the Company's charge to expense amounted to \$4.1 in 1993, \$4.7 in 1994 and \$5.2 in 1995.

NOTE 13. ADDITIONAL COMPENSATION PLANS

Dana has numerous additional compensation plans, including gain sharing and group incentive plans, which provide for payments computed under formulas which recognize increased productivity and improved performance. The total amount earned by Dana employees from all such plans amounted to \$81.1, \$106.7 and \$116.7 in 1993, 1994 and 1995, respectively.

Under one of these plans, in which certain officers and other key employees participate, a percentage of participants' compensation is accrued for additional compensation if certain profit levels are attained. Awards under the plan are paid in cash and may, at the discretion of the Board's Compensation Committee, be paid immediately or deferred. Some awards deferred prior to May 1991 may be paid in shares of the Company's common stock. Dana awarded (based on prior period performance) \$4.4 in 1993, \$4.5 in 1994 and \$10.6 in 1995; 31,646, 20,404 and 16,891 shares of Dana's common stock were issued and amounts equivalent to dividends and interest of \$.4, \$.4 and \$.6 were credited to deferred awards in 1993, 1994 and 1995, respectively. Total charges to expense relating to the plan amounted to \$5.6 in 1993, \$12.1 in 1994 and \$16.1 in 1995.

The Company has a Restricted Stock Plan whereby certain key employees are granted restricted shares of common stock subject to forfeiture until the restrictions lapse or terminate. With certain exceptions, the employee must remain with the Company for a period of years after the date of grant to receive the full number of shares granted. Shares granted in 1993, 1994 and 1995 were 58,348, 28,000 and 24,000, respectively. Total charges to expense for this plan amounted to \$.6, \$.7 and \$.6, in 1993, 1994 and 1995, respectively. At December 31, 1995, 655,227 shares were authorized for future issuance under this plan.

NOTES TO FINANCIAL STATEMENTS
in millions

DANA CORPORATION

NOTE 14. PENSIONS

Dana provides retirement benefits for substantially all of its employees under several defined benefit and defined contribution pension plans. Pension expense approximated \$60.3 in 1993, \$65.0 in 1994 and \$62.4 in 1995.

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

	Year Ended December 31		
	1993	1994	1995
Service cost	\$ 31.3	\$ 35.6	\$ 36.4
Interest cost	105.1	110.0	123.5
Actual return on plan assets	(219.9)	45.3	(407.9)
Amortization of unrecognized prior service cost	16.0	14.7	9.0
Amortization of initial unrecognized net obligation	6.2	5.7	5.0
Unrecognized gain (loss)	117.7	(147.4)	285.0
Net periodic pension cost	\$ 56.4	\$ 63.9	\$ 51.0

The funded status of defined benefit plans at December 31, 1994 was as follows:

	Accumu- lated Benefits Exceed Assets	Assets Exceed Accumu- lated Benefits	Total
Actuarial present value of:			
Vested benefits	\$ 789.6	\$ 581.4	\$ 1,371.0
Non-vested benefits	81.5	9.6	91.1
Accumulated benefit obligation	\$ 871.1	\$ 591.0	\$ 1,462.1
Actuarial present value of projected benefit obligation	\$ (883.1)	\$ (629.2)	\$ (1,512.3)
Plan assets at fair value	712.6	693.1	1,405.7
Funded status	\$ (170.5)	\$ 63.9	\$ (106.6)
Unrecognized prior service cost	\$ (14.7)	\$ (34.1)	\$ (48.8)
Unrecognized net gain (loss)	(52.0)	81.6	29.6
Accrued pension cost	(44.0)	(10.8)	(54.8)
Unrecognized initial obligation	(59.8)	27.2	(32.6)
	\$ (170.5)	\$ 63.9	\$ (106.6)

The funded status of defined benefit plans at December 31, 1995 was as follows:

Accumu- lated	Assets Exceed
------------------	------------------

	Benefits Exceed Assets	Accumu- lated Benefits	Total

Actuarial present value of:			
Vested benefits	\$ 934.2	\$ 653.0	\$ 1,587.2
Non-vested benefits	87.1	12.7	99.8

Accumulated benefit obligation	\$ 1,021.3	\$ 665.7	\$ 1,687.0

Actuarial present value of projected benefit obligation	\$ (1,038.3)	\$ (779.8)	\$ (1,818.1)
Plan assets at fair value	900.8	879.4	1,780.2

Funded status	\$ (137.5)	\$ 99.6	\$ (37.9)

Unrecognized prior service cost	\$ (14.7)	\$ (32.1)	\$ (46.8)
Unrecognized net gain (loss)	(37.7)	120.9	83.2
Accrued pension cost	(37.3)	(13.2)	(50.5)
Unrecognized initial obligation	(47.8)	24.0	(23.8)

	\$ (137.5)	\$ 99.6	\$ (37.9)

The assumptions used to determine pension costs and projected benefit obligations are as follows:

	U.S. Plans		
	1993	1994	1995

Expected long-term rate of return on plan assets	7.75%	8.5%	8.5%
Discount rate	7.25%	8%	6.75%
Rate of increase in future compensation levels	5%	5%	5%

	International Plans		
	1993	1994	1995

Expected long-term rate of return on plan assets	8 - 9%	8 - 9%	8 - 9%
Discount rate	7 - 9%	7 - 9%	7 - 8%
Rate of increase in future compensation levels	4 - 7.5%	3 - 7.5%	3 - 7.5%

Plan assets are invested in a diversified portfolio that consists primarily of equity and debt securities.

NOTES TO FINANCIAL STATEMENTS
in millions except per share amounts

DANA CORPORATION

NOTE 15. MEDICAL CARE AND OTHER
BENEFITS

Dana and certain of its subsidiaries provide medical and life insurance benefits for certain active and retired employees. These benefits are provided through various insurance carriers whose charges to Dana are based on the benefits paid during the year. Substantially all of the retiree medical cost relates to North American retirees since most international retirees are covered by government-sponsored programs.

Net annual postretirement benefit cost is computed as follows:

	Year Ended December 31		
	1993	1994	1995
Service cost	\$ 11.2	\$ 13.6	\$ 9.2
Interest cost	59.1	60.2	58.4
Net amortization and deferral	(14.0)	(12.3)	(17.2)
Net annual postretirement benefit cost	\$ 56.3	\$ 61.5	\$ 50.4

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

	December 31	
	1994	1995
Accumulated postretirement benefit obligations:		
Retirees and dependents	\$490.9	\$ 608.8
Active participants eligible to retire and receive benefits	89.4	107.9
Active participants not yet fully eligible	125.2	143.5
Total accumulated postretirement benefit obligation	705.5	860.2
Unamortized plan amendments	135.2	117.9
Unamortized net gain (loss)	4.8	(131.8)
Accrued postretirement benefits other than pensions	\$845.5	\$ 846.3

The discount rate used in determining the accumulated postretirement benefit obligation was 8.25% in 1994 and 7% in 1995. The assumed medical costs trend rates result in per capita net incurred medical claims increasing 8.4% in 1996. The rate decreases to 5.3% by the year 2008. If the assumed medical costs trend rates were increased by 1%, the accumulated postretirement benefit obligation as of December 31, 1995, would increase by \$60.1 and the aggregate of the service and interest cost components of the net annual postretirement benefit cost would be increased by \$4.6.

Dana adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1993. The effect of adopting SFAS No. 112 in 1993 resulted in a \$48.9 after-tax charge to income (\$.53 per share).

NOTE 16. BUSINESS SEGMENTS

Dana operates principally in three business segments: Vehicular, Industrial and Lease Financing. The Vehicular segment consists primarily of the manufacturing and marketing of axles, structural components, transmissions, joints and shafts, clutches and engine parts (such as pistons, piston rings, filters and gaskets). The Industrial segment manufactures and markets various products, including those for off-highway motor vehicles. The Lease Financing segment consists of DCC whose primary operating subsidiaries are engaged in leasing and finance operations.

Lease financing revenue includes lease financing income, fees and interest. Other income includes dividends and interest. Other expense includes interest and corporate expenses. Corporate assets include cash, marketable securities,

accounts receivable and investments (excluding assets which can be identified to lease financing).

The "Other International" geographic area is comprised primarily of Brazil and Canada, neither of which exceeds 10% of the consolidated amounts. Interarea transfers between countries are transferred at the prevailing market price. Export sales from the U.S. to customers outside the U.S. amounted to \$385.4 in 1993, \$430.7 in 1994 and \$554.6 in 1995. Total export sales (including sales to Dana's international subsidiaries which are eliminated for financial statement presentation) were \$526.2, \$587.6 and \$735.1 in 1993, 1994 and 1995, respectively.

Worldwide sales to Ford Motor Company and subsidiaries amounted to \$963.7, \$1,082.9 and \$1,299.3 in 1993, 1994 and 1995, respectively, which represented 18%, 16% and 17% of Dana's consolidated sales. Sales to Chrysler Corporation and subsidiaries in 1993, 1994 and 1995 amounted to \$605.9, \$815.7 and \$968.0, respectively, representing 11%, 12% and 13% of Dana's consolidated sales. Sales to Ford and Chrysler were primarily from the Company's Vehicular segment. No other customer accounted for more than 10% of Dana's consolidated sales.

NOTES TO FINANCIAL STATEMENTS
in millions

DANA CORPORATION

NOTE 16. BUSINESS SEGMENTS (CONT'D.)

	VEHICULAR	INDUSTRIAL	LEASE FINANCING	CONSOLIDATED
Year Ended December 31, 1993				
Sales to customers	\$4,499.8	\$ 957.1	\$ 3.2	\$5,460.1
Lease financing revenue			115.4	115.4
Total revenue	\$4,499.8	\$ 957.1	\$ 118.6	\$5,575.5
Operating income	\$ 424.0	\$ 39.9	\$ 4.0	\$ 467.9
Other income				12.0
Other expense				(252.0)
Income before income taxes				\$ 227.9
Assets identified to segments	\$1,511.4	\$ 441.7	\$1,310.3	\$3,263.4
Corporate assets				1,368.5
Total assets				\$4,631.9
Depreciation	\$ 131.4	\$ 33.7	\$ 3.0	
Capital expenditures	\$ 166.5	\$ 35.9	\$ 2.2	
Year Ended December 31, 1994				
Sales to customers	\$5,298.5	\$1,308.9	\$ 6.4	\$6,613.8
Lease financing revenue			139.5	139.5
Total revenue	\$5,298.5	\$1,308.9	\$ 145.9	\$6,753.3
Operating income	\$ 520.1	\$ 56.9	\$ 11.6	\$ 588.6
Other income				9.1
Other expense				(206.1)
Income before income taxes				\$ 391.6
Assets identified to segments	\$1,661.4	\$ 572.8	\$1,387.4	\$3,621.6
Corporate assets				1,489.2
Total assets				\$5,110.8
Depreciation	\$ 135.7	\$ 37.0	\$ 3.0	
Capital expenditures	\$ 276.0	\$ 53.3	\$ 3.4	
YEAR ENDED DECEMBER 31, 1995				
SALES TO CUSTOMERS	\$6,069.8	\$1,526.5	\$ 1.4	\$7,597.7
LEASE FINANCING REVENUE			155.3	155.3
TOTAL REVENUE	\$6,069.8	\$1,526.5	\$ 156.7	\$7,753.0
OPERATING INCOME	\$ 585.9	\$ 103.7	\$ 22.8	\$ 712.4
OTHER INCOME				33.7
OTHER EXPENSE				(232.9)
INCOME BEFORE INCOME TAXES				\$ 513.2
ASSETS IDENTIFIED TO SEGMENTS	\$2,077.5	\$ 614.8	\$1,468.4	\$4,160.7
CORPORATE ASSETS				1,533.4
TOTAL ASSETS				\$5,694.1
DEPRECIATION	\$ 177.0	\$ 44.2	\$ 2.0	
CAPITAL EXPENDITURES	\$ 332.9	\$ 61.4	\$ 10.7	

NOTES TO FINANCIAL STATEMENTS
in millions

DANA CORPORATION

NOTE 16. BUSINESS SEGMENTS (CONT'D.)

	UNITED STATES	EUROPE	OTHER INTERNATIONAL	ADJUSTMENTS AND ELIMINATIONS	TOTAL
Year Ended December 31, 1993					
Sales to customers	\$4,132.3	\$ 511.3	\$ 816.5		\$5,460.1
Lease financing revenue	93.8	16.3	5.3		115.4
Interarea transfers	140.8	3.7	81.8	\$ (226.3)	
	\$4,366.9	\$ 531.3	\$ 903.6	\$ (226.3)	\$5,575.5
Operating income	\$ 370.9	\$ 1.8	\$ 95.2		\$ 467.9
Other income	12.0				12.0
Other expense	(216.3)	(8.7)	(27.0)		(252.0)
Income (loss) before income taxes	\$ 166.6	\$ (6.9)	\$ 68.2		\$ 227.9
Assets identified	\$2,404.6	\$ 403.3	\$ 455.5		\$3,263.4
Corporate assets	1,009.5	140.5	218.5		1,368.5
Total assets	\$3,414.1	\$ 543.8	\$ 674.0		\$4,631.9
Year Ended December 31, 1994					
Sales to customers	\$4,968.3	\$ 713.0	\$ 932.5		\$6,613.8
Lease financing revenue	104.2	26.7	8.6		139.5
Interarea transfers	156.8	7.5	104.6	\$ (268.9)	
	\$5,229.3	\$ 747.2	\$ 1,045.7	\$ (268.9)	\$6,753.3
Operating income	\$ 462.0	\$ 14.0	\$ 112.6		\$ 588.6
Other income	9.1				9.1
Other expense	(170.6)	(13.2)	(22.3)		(206.1)
Income before income taxes	\$ 300.5	\$.8	\$ 90.3		\$ 391.6
Assets identified	\$2,520.3	\$ 577.5	\$ 523.8		\$3,621.6
Corporate assets	1,108.4	96.5	284.3		1,489.2
Total assets	\$3,628.7	\$ 674.0	\$ 808.1		\$5,110.8
YEAR ENDED DECEMBER 31, 1995					
SALES TO CUSTOMERS	\$5,475.9	\$ 977.0	\$ 1,144.8		\$7,597.7
LEASE FINANCING REVENUE	104.0	37.3	14.0		155.3
INTERAREA TRANSFERS	180.5	12.6	118.7	\$ (311.8)	
	\$5,760.4	\$1,026.9	\$ 1,277.5	\$ (311.8)	\$7,753.0
OPERATING INCOME	\$ 573.7	\$ 36.7	\$ 102.0		\$ 712.4
OTHER INCOME	10.3		23.4		33.7
OTHER EXPENSE	(223.8)	(9.1)			(232.9)
INCOME BEFORE INCOME TAXES	\$ 360.2	\$ 27.6	\$ 125.4		\$ 513.2
ASSETS IDENTIFIED	\$2,631.3	\$ 863.8	\$ 665.6		\$4,160.7
CORPORATE ASSETS	1,244.7	116.0	172.7		1,533.4
TOTAL ASSETS	\$3,876.0	\$ 979.8	\$ 838.3		\$5,694.1

NOTES TO FINANCIAL STATEMENTS
in millions

DANA CORPORATION

NOTE 17. ESTIMATED INCOME TAXES

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

	Year Ended December 31		
	1993	1994	1995
Current			
U.S. Federal	\$57.2	\$ 69.0	\$ 68.0
U.S. State and Local	26.5	39.2	32.2
International	14.2	31.5	39.5
	97.9	139.7	139.7
Deferred			
U.S. Federal	(6.7)	26.3	48.6
International	(1.6)	(8.6)	(7.1)
	(8.3)	17.7	41.5
Total expense	\$89.6	\$157.4	\$181.2

Deferred tax benefits (liabilities) are comprised of the following:

	Year Ended December 31		
	1993	1994	1995
Postretirement benefits other than pensions	\$ 367.2	\$ 360.6	\$ 373.1
Postemployment benefits	36.9	35.2	44.9
Expense accruals	126.8	120.0	116.2
Inventory reserves	1.1	4.3	4.2
Pension accruals		19.5	4.9
Other	22.8	6.8	14.5
Deferred tax benefits	554.8	546.4	557.8
Depreciation -- non-leasing	(100.1)	(105.2)	(105.6)
Leasing activities	(179.5)	(211.5)	(243.6)
Pension prepayments	(.9)		
Other	(16.7)	(3.1)	(2.6)
Deferred tax liabilities	(297.2)	(319.8)	(351.8)
Alternative minimum tax recoverable	18.6		
Net deferred tax benefits	\$ 276.2	\$ 226.6	\$ 206.0

The Company has a history of earnings and has traditionally been a taxpayer. Consequently, the Company expects to realize substantially all of the deferred tax assets in the future. Except for the \$6.1 valuation reserve relating to capital loss carryforwards, no valuation allowances have been recorded. As of December 31, 1995, all available alternative minimum tax recoverable has been utilized to offset the regular income tax liability. Income taxes paid during 1993, 1994 and 1995 amounted to \$46.2, \$104.3 and \$119.5, respectively.

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

	Year Ended December 31		
	1993	1994	1995
U.S. Federal income tax rate	35.0 %	35.0 %	35.0 %
Increase (reductions) in taxes resulting			

from:			
International income	(1.2)	(1.1)	(2.8)
Capital loss utilization			(1.0)
Investment tax credits	(.7)	(.3)	(.3)
Amortization of goodwill	1.2	.7	.6
Effect of rate change on deferred taxes	(2.3)		
State and local income taxes, net of Federal income tax benefit	7.6	6.5	4.0
Miscellaneous items	(.3)	(.6)	(.2)

Estimated taxes on income	39.3 %	40.2 %	35.3 %

NOTE 18. COMPOSITION OF CERTAIN

BALANCE SHEET AMOUNTS

The following items comprise the net amounts indicated in the respective balance sheet captions:

	December 31	
	1994	1995
INVESTMENTS AND OTHER ASSETS		
Investments at equity	\$ 171.8	\$ 99.1
Goodwill	197.0	269.4
Real estate held for sale	49.2	26.7
Intangible pension asset	81.6	74.6
Loans receivable	115.1	142.2
Other	178.5	198.7
	\$ 793.2	\$ 810.7
PROPERTY, PLANT AND EQUIPMENT, NET		
Land and improvements to land	\$ 50.4	\$ 79.1
Buildings and building fixtures	510.7	626.5
Machinery and equipment	2,235.9	2,631.7
	2,797.0	3,337.3
Less: Accumulated depreciation	1,449.8	1,687.8
	\$1,347.2	\$1,649.5
LEASE FINANCING		
Direct financing leases	\$ 544.5	\$ 538.6
Leveraged leases	393.9	480.4
Property on operating leases, net of accumulated depreciation	33.4	33.3
Allowance for credit losses	(40.8)	(47.4)
	\$ 931.0	\$1,004.9

NOTES TO FINANCIAL STATEMENTS
in millions

DANA CORPORATION

NOTE 18. COMPOSITION OF CERTAIN
BALANCE SHEET AMOUNTS (CONT'D.)

	December 31	
	1994	1995
DEFERRED EMPLOYEE BENEFITS		
Postretirement other than pension	\$ 845.5	\$ 846.3
Postemployment	81.9	84.6
Pension	168.5	146.4
Compensation	14.0	18.9
	\$1,109.9	\$1,096.2

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

	December 31	
	1994	1995
Total minimum lease payments	\$ 600.7	\$ 594.7
Residual values	70.3	64.6
Deferred initial direct costs	10.3	12.2
	681.3	671.5
Less: Unearned income	136.8	132.9
	\$ 544.5	\$ 538.6

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

	December 31	
	1994	1995
Rentals receivable	\$4,115.0	\$4,412.6
Residual values	301.4	478.9
Non recourse debt service	(3,378.9)	(3,657.6)
Unearned income	(629.9)	(740.4)
Deferred investment tax credit	(13.7)	(13.1)
	393.9	480.4
Less: Deferred taxes arising from leveraged leases	157.6	193.3
	\$ 236.3	\$ 287.1

The following is a schedule, by year, of total minimum lease payments receivable on direct financing leases as of December 31, 1995:

Year Ending December 31:	
1996	\$ 255.7
1997	151.4
1998	88.5
1999	46.5
2000	19.8
Later years	32.8
Total minimum lease payments receivable	\$ 594.7

NOTE 19. FAIR VALUE OF FINANCIAL
INSTRUMENTS

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

	1994 Carrying Amount	December 31 Fair Value	1995 CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS				
Cash and marketable securities	\$ 112.2	\$ 112.2	\$ 66.6	\$ 66.6
Loans receivable	120.7		145.6	
Less: Allowance for loan losses	5.6		3.4	
Net loans	115.1	114.8	142.2	138.8
FINANCIAL LIABILITIES				
Short-term debt	583.1	583.1	791.4	791.4
Long-term debt	1,186.5	1,195.9	1,315.1	1,347.5
Security deposits - leases	14.8	13.3	15.2	14.1
Deferred funding commitments under leveraged leases	7.6	7.5	13.0	13.9
Interest rate-based option	1.8	1.8	8.2	8.2
UNRECOGNIZED FINANCIAL INSTRUMENTS				
Interest rate derivatives:				
Assets		7.5		.8
Liabilities		(5.7)		(21.0)

NOTE 20. COMMITMENTS AND
CONTINGENCIES

At December 31, 1995, the Company had purchase commitments for property, plant and equipment aggregating approximately \$128.9. Future minimum rental commitments under operating leases aggregate \$270.0 with rental payments during the five succeeding years of \$49.4, \$43.4, \$35.1, \$25.4 and \$19.1, respectively. Net rental expense amounted to \$56.3, \$65.8 and \$70.4 for 1993, 1994 and 1995, respectively.

The Company and its consolidated subsidiaries are parties to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on product liability claims and alleged violations of various environmental laws.

The Company is also a defendant in a lawsuit, brought by the U.S. Department of Justice alleging that a former operation, which was a subsidiary of a company purchased by Dana in 1985, had overcharged the U.S. government

NOTES TO FINANCIAL STATEMENTS
in millions

DANA CORPORATION

NOTE 20. COMMITMENTS AND
CONTINGENCIES (CONT'D.)

on contracts or subcontracts awarded during the late 1970's and the 1980's. In September 1995, Dana and the Department of Justice settled all claims relating to 16 government contracts included in the complaint without any finding of liability or admission of wrongdoing by Dana, and Dana paid the government \$19.5, which included payment for the government's alleged damages, interest, and costs of investigation and litigation. The Company had accrued in prior periods for this settlement and the payment did not effect current results of operations. The Company has reached a tentative settlement with the Department of Justice on the remaining claims and has recorded a \$5.8 after-tax charge to 1995 earnings.

Management and its legal counsel periodically review the probable outcome of pending proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the Company's insurance coverage, and the Company's established accruals for uninsured liabilities. While the outcome of pending proceedings cannot be predicted with certainty, management believes, based on these reviews and the information currently available, that any liabilities that may result from these proceedings are not reasonably likely to have a material effect on the Company's liquidity, financial condition or results of operations.

NOTE 21. ACQUISITIONS

In 1993, Dana acquired Reinz-Dichtungs GmbH, Hugo Reinz GmbH, Europecas and Accam which are manufacturers and distributors of automotive parts. Dana also increased its ownership from 50% to 100% of TI/Interlock, Ltd. and Wichita Company, Ltd. which are manufacturers and distributors of industrial products.

During 1994, Dana acquired Sige Brevetti Ing., Columbo S.p.A., an Italian manufacturer of axles for agricultural and construction equipment. In addition, Dana acquired Stieber Antriebsselemente GmbH, a German manufacturer of clutches for industrial applications and Tece Almere B.V., a Netherlands distributor of automobile parts.

In 1995, Dana acquired the European axle group of GKN plc., a manufacturer of axles for cars, light trucks and heavy-duty trucks, along with axles for agricultural, industrial and construction equipment. Dana also acquired M. Friesen GmbH in Germany, a supplier of remanufactured rotating electrics, a 70% share of Industrias Serva S.A. in Spain, a manufacturer and distributor of vehicular gaskets and Mohawk Plastics, Inc., a manufacturer of custom molded plastics for the OE market in the United States.

These acquisitions were accounted for as purchases and the results of their operations have been included in the consolidated financial statements since the dates of acquisition. The purchase price and the results of operations of these companies prior to acquisition were not material to the consolidated financial statements.

In addition to the above acquisitions, in 1995 Dana purchased the remaining shares of Hayes-Dana, a Canadian subsidiary that manufactures new and replacement parts for trucks, automobiles, off-highway vehicles and industrial equipment and increased its equity ownership in R.O.C. Spicer from 49% to 51%. R.O.C. Spicer manufactures axles and driveshafts in Taiwan.

In 1995, Dana also acquired Plumley Companies, a manufacturer and distributor of extruded and molded rubber and silicone sealing products, primarily for automotive applications. Plumley is being accounted for as a pooling of interests. Prior years' financial statements have not been restated since the amounts are not material to the consolidated financial statements.

NOTE 22. SIGNIFICANT SUBSIDIARY

DCC, an indirect wholly-owned subsidiary of Dana, is a wholly-owned subsidiary of DFHI, whose primary operating subsidiaries are engaged in leasing and finance operations. DCC represents substantially all of the operations and assets of DFHI with the exception of \$82.0 of investments and other assets. These subsidiaries are included in the consolidated financial statements.

A summary of DCC's financial position and results of operations is as follows:

	December 31	
	1994	1995
ASSETS		
Cash	\$ 2.5	\$ 11.5
Loans receivable	61.4	114.4
Lease financing	1,013.1	1,153.5
Other assets	96.0	107.3
Total Assets	\$1,173.0	\$1,386.7
LIABILITIES AND SHAREHOLDER'S EQUITY		

Notes payable	\$ 817.3	\$ 972.4
Other liabilities	266.5	309.7
Shareholder's equity	89.2	104.6

Total Liabilities and Shareholder's Equity	\$1,173.0	\$1,386.7

Year Ended December 31			
	1993	1994	1995

Revenue from products and services	\$146.7	\$161.7	\$180.4
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Interest expense	50.7	51.9	62.8
General and administrative expenses	79.2	89.7	103.1

	129.9	141.6	165.9

Income before income taxes	16.8	20.1	14.5
Estimated income tax provision (benefit)	5.3	5.4	(8.0)

Income before equity in earnings of affiliates	11.5	14.7	22.5
Equity in earnings of affiliates	3.2	5.3	4.9

Net income	\$ 14.7	\$ 20.0	\$ 27.4

LIQUIDITY AND CAPITAL RESOURCES

Capital spending for property, plant and equipment was \$410 in 1995, compared to \$337 in 1994. This continued higher expenditure level is the result of strong customer demand for Dana's products worldwide and Dana's commitment to quality and technological innovation. Dana's 1996 capital expenditures, the majority of which were uncommitted at year end (December 31) 1995, will be approximately \$300.

At year end 1995, Dana's debt totaled \$2,107, an increase of \$337 from year end 1994. This increase is primarily due to higher capital expenditures, the purchase of the European axle group (\$93), the acquisition of the remaining minority shares of Hayes-Dana (\$92), as well as the working capital growth in support of strong sales. DCC's debt increased 19% over 1994, largely from the use of external borrowing to fund the growth in its lease financing portfolio.

Dana's short-term debt, financed by the issuance of commercial paper and bank loans, was \$791, compared to \$583 at year end 1994. Dana (excluding DCC and DFHI) had \$405 in committed credit facilities and \$1,024 in uncommitted lines in place with banks, and domestic and international short-term borrowings of \$334, up from \$261 at year end 1994. DFHI obtains its short-term funds through committed and uncommitted bank line borrowings. DFHI bank lines totaled \$90, of which \$85 was outstanding, as compared to bank lines of \$145 at year end 1994, all of which was outstanding. DCC finances its short-term debt requirements through the issuance of commercial paper and bank direct borrowings. DCC had committed credit lines of \$379 and uncommitted lines of \$435 at year end 1995 and domestic and international borrowings of \$372 versus \$177 at year end 1994.

Consolidated long-term debt for Dana increased to \$1,315 from \$1,187 at year end 1994. The long-term debt position of Dana (excluding DCC and DFHI) was \$714, up from \$542 at year end 1994. DCC's long-term debt was \$601, down from \$640 at the end of 1994. During 1995, DFHI paid down the \$5 in long-term debt that was outstanding at year end 1994.

Dana's management and legal counsel have reviewed the legal proceedings arising in the ordinary course of business to which the Company and its subsidiaries were parties as of December 31, 1995, including, among others, those involving product liability claims and alleged violations of environmental laws. The Company estimates its contingent environmental and product liabilities based upon the most probable method of remediation or outcome considering currently enacted laws and regulations and existing technology. Measurement of liabilities is made on an undiscounted basis and excludes the effects of inflation and other societal and economic factors. In those cases where there is a range of equally probable remediation methods or outcomes, the Company accrues at the lower end of the range, which at year end 1995, was \$73 for product liability claims costs (products) and \$49 for environmental liability costs (environmental) compared to \$77 for products and \$48 for environmental at year end 1994. The difference between minimum and maximum contingent liabilities, while not considered material, was \$4 for products and \$3 for environmental at year end 1995 compared to \$11 for products and \$5 for environmental at year end 1994. Probable recoveries of \$43 for products and \$10 for environmental from insurance or other third parties have been recorded as assets at year end 1995, compared to \$61 for products and \$6 for environmental at year end 1994. The Company has concluded that any additional liabilities that may result from these legal proceedings or the timing of the cash flows for these liabilities will not have a material adverse effect on its liquidity, financial condition or results of operations.

The Company is also a defendant in a lawsuit, brought by the U.S. Department of Justice, alleging that a former operation, which was a subsidiary of a company purchased by Dana in 1985, had overcharged the U.S. government on contracts or subcontracts awarded during the late 1970's and the 1980's. In September 1995, Dana and the Department of Justice settled all claims relating to 16 government contracts included in the complaint without any finding of liability or admission of wrongdoing by Dana, and Dana paid the government \$19.5, which included payment for the government's alleged damages, interest, and costs of investigation and litigation. The Company had accrued in prior periods for this settlement and the payment did not affect current results of operations. The Company has reached a tentative settlement with the Department of Justice on the remaining claims involved in the litigation and has recorded a \$5.8 after-tax charge to 1995 earnings.

LIQUIDITY AND CAPITAL RESOURCES (CONT'D)

Management and its legal counsel periodically review the probable outcome of pending proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the Company's insurance coverage, and the Company's established accruals for uninsured liabilities. While the outcome of pending proceedings cannot be predicted with certainty, management believes, based on these reviews and the information currently available, that any liabilities that may result from these proceedings are not reasonably likely to have a material effect on the Company's liquidity, financial condition or results of operations.

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

RESULTS OF OPERATIONS 1995 VS 1994

1995 was a record year for Dana Corporation. All time highs in sales and profits were achieved. Sales were \$7,598, up 15% over the previous record attained in 1994, while profits increased to \$288 or 26% over last year's record results. Dana shareholders benefitted from these record results with return on average shareholder equity increasing to nearly 28% from 26% in 1994. The major factors contributing to the Company's sales increase of \$984 were higher unit volumes of original equipment (OE) vehicular products in the U.S., strength in the U.S. construction equipment and agricultural markets, effects of recent acquisitions, and overall growth in international sales. Contributing \$287 or 30% of the sales increase (\$123 in the U.S. and \$164 internationally) were acquisitions and the effect of fully consolidating a Taiwanese subsidiary (R.O.C. Spicer) which was previously accounted for on an equity basis.

Dana's worldwide sales from the Vehicular segment, which includes sales of components and parts used on trucks, sport utility vehicles, trailers, vans and automobiles, increased 15% or \$771 over 1994. The OE portion of this increase was \$673 (18% over 1994) while the aftermarket portion increased \$98 (6%). Sales to U.S. light truck manufacturers were up 14% over a strong 1994 due to the ongoing demand for light trucks and sport utility vehicles. U.S. medium and heavy truck OE sales increased 19% and 12%, respectively, above 1994, as truck production levels exceeded already high levels for 1994. Sales to the U.S. OE passenger car market increased, in large part due to the acquisition of Plumley in 1995. Other increases in Dana's worldwide OE Vehicular sales were achieved through the consolidation of R.O.C. Spicer, acquisitions, and higher unit volumes experienced in Europe, South America and Canada.

Worldwide sales from Dana's Industrial segment, which includes sales to the mobile off-highway equipment market, rose 17% or \$218 over 1994, reflecting acquisitions as well as strength in the U.S. and European construction and agricultural markets. Sales to the worldwide mobile off-highway OE market increased 26%, while industrial OE sales improved 11% worldwide, comprised of 13% U.S. and 8% international. Mobile off-highway and industrial distribution sales increased 8%, largely due to the acquisition of Sige in the latter half of 1994. After adjusting for Dana's acquisitions, worldwide Industrial segment sales improved 10% over 1994, with the U.S. up 7% and international up 25% (almost exclusively in Europe).

The Company's 1995 distribution sales were up 7% over 1994, due in part to acquisitions and increases in its international aftermarket operations. International aftermarket sales increased 21% over 1994, while U.S. sales were level in a weak market. Worldwide distribution sales performances in 1995 versus 1994 by market were as follows: truck parts up 3%, automotive up 8% and mobile off-highway/industrial up 8%.

Sales from U.S. operations were \$5,476 or 10% (8% adjusted for acquisitions) over 1994, while international sales were \$2,122, up 29% (19% adjusted for acquisitions). Even with Dana's continued growth and expansion in the U.S., international sales as a percentage to total sales increased to 28% from 25% in 1994. On a regional basis, the Company's 1995 sales increased 10% in North America, 16% in South America, 37% in Europe and 119% in Asia Pacific. After adjusting for the effect on sales of recent acquisitions and the consolidation of R.O.C. Spicer in 1995, North American sales increased 8%, European 27% and Asia Pacific 24%. Export sales of U.S. operations increased \$124, up 29% over 1994.

Revenue from lease financing and other income increased \$40 or 27% in 1995. Lease related revenue increased 11% as DCC's average asset levels outstanding increased, lease and residual

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS

in millions

DANA CORPORATION

RESULTS OF OPERATIONS 1995 VS 1994 (CONT'D)

experience improved and higher average yields were achieved. Included in the increase in other income was \$16 due to the sale of equity in certain South American operations.

Adjustments for translation of foreign currency resulted in a gain of \$8, compared to a loss of \$22 in 1994. The adjustments in both years related almost exclusively to the translation from local currency to U.S. dollars of the Company's Brazilian operations. The new Brazilian currency (real) was introduced at parity with the U.S. dollar in the third quarter of 1994. The translation of the real to U.S. dollars resulted in 1995's gain. 1994's loss includes the effect of translating from the old currency (cruzeiros) to U.S. dollars for the period of January through July, partially offset by gains for the balance of 1994 in the translation from the real to U.S. dollars.

Dana's gross margin improved to 15.1% from 15.0% in 1994. U.S. operations improved to 13.6% from 13.3% in 1994, benefitting from the higher sales volumes experienced in all of the Company's OE markets. Margins of the Company's Canadian and European operations improved in 1995 as well, due to increased sales levels, while margins in Asia Pacific were comparable to 1994. Dana's South American operations' margins were lower in 1995. The comparison was affected by the currency change in 1994, with 1995's calculation being negatively affected. After adjusting for the change, 1995's margins in South America were only slightly lower than 1994's.

Operating income from the Vehicular segment increased \$66 or 13%, while the Industrial segment income increased \$47 or 82% over 1994. The Vehicular increase resulted from higher sales volumes achieved by Dana's U.S. operations supplying the domestic OE light and heavy-duty truck markets and the effect of the acquisition of Plumley at the beginning of 1995. The Industrial segment's income increased as operations in North America and Europe benefitted from strong demand for the Company's mobile-off highway OE products from its construction equipment and agricultural machinery customers. Strength in U.S. and European industrial OE component sales also contributed to the Industrial segment's income increase.

Operating income of the Lease Financing segment increased \$11 over 1994. In 1995, DCC's operating income increased as a result of higher average lease asset levels outstanding during the year, improved lease and residual experience and overall higher average yields. This segment also benefitted from a reduction in costs associated with real estate held for sale and associated loans.

Selling, general and administrative expenses (S,G & A) increased \$74 or 12% in 1995. Operations acquired in the latter half of 1994 and in 1995 accounted for \$21 of the increase. After adjusting for the effect of those acquisitions, S,G & A increased 9%, primarily to support sales growth and expansion. The ratio of S,G & A expense to sales continued to improve and was 9.0% compared to 9.2% in 1994. The improvements in gross margin and S,G & A as a percent of sales resulted in Dana's operating margin increasing to 6.1% from 5.7% in 1994.

Interest expense increased to \$146 from \$113 in 1994 due to higher average debt levels and higher interest rates. Higher debt levels resulted from the increase in capital spending, acquisition of the European axle group, purchase of the remaining minority interest of Hayes-Dana, Inc., and the increase in working capital needs of the Company as a result of continued higher business levels. The higher average debt levels also resulted from the funding of DCC's asset growth.

Dana's international operations had operating income of \$139, an increase of 10% over 1994. This higher income was largely the result of increased earnings of the Company's European operations supplying products to the industrial OE markets of the region. Operating income increases also were achieved by operations in Canada and Asia Pacific and through European acquisitions made in the latter half of 1994 and in 1995.

Equity in earnings of affiliates decreased \$28 in 1995, primarily due to the devaluation of the Mexican peso which resulted in losses incurred by Dana's affiliate, Spicer S.A. de C.V. The decrease was partially offset by the higher earnings experienced by Dana's affiliates in Korea and Venezuela.

Minority interest in net income of consolidated subsidiaries increased to \$40 from \$30 in 1994 due to higher earnings of Albarus, a South American subsidiary, and the consolidation of R.O.C. Spicer. These increases were partially offset by the purchase of the minority interest in Hayes-Dana.

Taxes on income increased to \$181 from \$157 in 1994, due to higher pre-tax profitability of the Company. The effective rate decreased to 35% from 40% in 1994 in part due to the utilization of capital loss carrybacks resulting from the sale of an insurance subsidiary in Bermuda. The sale

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS

in millions

DANA CORPORATION

RESULTS OF OPERATIONS 1995 VS 1994 (CONT'D)

resulted in the recording of a \$5 tax benefit in 1995. The remaining differential in rate was due to lower effective combined state tax rates and international effective rates.

In Dana's largest North American market, light trucks and sport utility vehicles, current orders from the vehicle manufacturers indicate consumer demand continues to be generally strong for these popular vehicles. For this reason, Dana expects 1996 component sales to this market to remain relatively stable compared to 1995. Current reductions in orders to the heavy truck manufacturers is expected to reduce demand for components for these vehicles during 1996. Sales to Dana's vehicular and industrial replacement or service markets historically experience slower but more stable growth than the original equipment markets. Dana expects demand in these service and distribution markets to continue this historical pattern in 1996. Dana's international operations in South America, Europe, and Asia Pacific are forecasting moderate market growth and increased sales in 1996, based on growing vehicular demand, new business and several recent acquisitions. The various global vehicular, industrial and distribution markets will experience different growth rates in 1996. If the major economic regions of the world are not severely disrupted, Dana expects to maintain and even grow its global sales base in 1996.

RESULTS OF OPERATIONS 1994 VS 1993

Dana Corporation achieved record sales of \$6,610 in 1994, up \$1,150 compared to \$5,460 in 1993. This 21% growth was primarily the result of unit volume increases experienced throughout the Company's worldwide markets, particularly from the strength of its Vehicular segment's original equipment (OE) markets and the effect of European acquisitions.

Dana's worldwide sales of Vehicular segment components and parts used on automobiles, trucks, trailers, vans and sport utility vehicles increased 18% in 1994 compared to 1993. The OE portion of this increase was \$652 (21%) in 1994 over 1993 while the aftermarket portion increased \$147 (10%). Dana's sales to the light truck OE market (its largest sales contributor) increased \$292 (18%) over 1993 levels primarily due to U.S. demand for pickup trucks and sport utility vehicles. The Company's 1994 heavy truck OE component sales rose \$225 (36%) over 1993 sales reflecting higher U.S. production. Acquisitions made in the latter half of 1993 and early 1994 accounted for \$142 of the sales increase in the Vehicular segment.

Worldwide sales from Dana's Industrial segment, which includes sales to the mobile off-highway equipment market, increased 37% in 1994 or \$352 over 1993, partially due to European acquisitions and continued strength in the U.S. construction and agricultural machinery markets. OE sales from the mobile off-highway portion of this segment increased 46% or \$141 in 1994 over 1993 with acquisitions accounting for \$22. Industrial OE sales in 1994 improved 4% over 1993 with increases in the U.S. partially offset by weakness for most of the year in Europe, although improvements occurred in Europe's industrial markets in the latter months of 1994. Mobile off-highway/industrial aftermarket sales increased 12% in 1994 compared to 1993.

Dana sales from U.S. operations were \$4,970 in 1994, an increase of 20% from the \$4,130 reported for 1993. The Company's sales to the U.S. light truck OE market improved 21% over 1993 levels due to the increased demand for pickup trucks, vans and sport utility vehicles for which Dana supplies many key components. Dana's heavy truck component sales to the U.S. OE market increased 41% in 1994 as North American production reached its highest level in 15 years. Service parts sales to the U.S. aftermarket grew 8% in 1994 over 1993 consisting of increases in auto distribution (5%), truck parts (10%) and mobile off-highway/industrial distribution (9%).

Dana sales from international operations were \$1,640 in 1994, an increase of 24% over the \$1,330 of 1993. The \$310 year on year increase is principally due to the contribution of European acquisitions and vehicular unit volume improvements in South America and Canada. Sales from Dana's South American operations increased 22% in 1994 over 1993 due to higher export activities and a strong regional (Mercosur) economy. Sales from the Company's Canadian subsidiary improved 8% over 1993 principally due to the strength of U.S. based OE customers. European acquisitions accounted for \$169 of the sales increase in 1994 as Dana seeks to achieve 50% of its total sales through international markets by the year 2000. Exclusive of the effect of acquisitions, sales from the Company's European operations increased 6% in 1994 over 1993. International Vehicular

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
in millions DANA CORPORATION

RESULTS OF OPERATIONS 1994 VS 1993 (CONT'D)

aftermarket sales increased \$135 or 25%, including \$73 due to acquisitions. Industrial OE sales, especially from Dana's German facilities, decreased \$3, or 3% below 1993 levels due in large part to the weak European economy for most of 1994. Mobile off-highway OE sales of Dana's international operations increased \$71 over 1993 in part due to acquisitions.

Revenue from lease financing and other income increased \$21 in 1994 or 17% over 1993 due to an increase in new business recorded by DCC in 1994. DCC experienced a 12% growth in its lease financing assets in 1994. Leveraged lease assets increased 39% and the direct financing assets of the United Kingdom operation grew 56%, both of which contributed to the \$18 increase in lease financing revenue during 1994. In 1994, other income also included an insurance settlement of \$4.

Foreign currency translation losses were \$22 for 1994 as compared to \$24 in 1993. The losses were almost exclusively related to the Company's Brazilian operations and the translation of the cruzeiro to U.S. dollars. A \$26 loss was incurred in the first eight months of the year offset by a gain of \$4 in the final four months as Brazil's new currency (real) was introduced at parity with the U.S. dollar. To the extent the value of the real remains at its current rate of exchange with the U.S. dollar, future foreign currency translation adjustments relating to Brazil are expected to be minimal. Despite the anticipated reduction in translation losses, Dana's overall profit will not be affected due to offsetting effects on sales and cost of sales.

Dana's consolidated gross margin for 1994 improved to 15.0% from 14.4% in 1993. The margin improvement is the result of higher sales volumes being experienced by the Company's U.S. operations as well as benefits derived through productivity and cost containment initiatives. U.S. gross margins improved to 13.3% in 1994 compared to 12.5% in 1993. Non U.S. operations' 1994 margins were comparable to 1993. If Dana's 1993 margins were adjusted for the impact of the Brazilian currency realignment, making the comparison more meaningful, 1994's gross margin would show an even greater overall improvement when compared to 1993. During 1994 and 1993, the Company recorded \$28 and \$40 for the downsizing, consolidation and closure of certain non-strategic and underperforming operations. Gross margins in 1994 and 1993 were reduced by .4% and .7%, respectively, due to the recognition of these costs. It is anticipated that Dana's operations will benefit from these realignment actions over the long term.

Operating income in the Vehicular segment increased 23% in 1994, while the Industrial segment operating income increased 43%. Both segments benefited from higher sales volume in 1994, Vehicular principally in the North American light and heavy truck markets, Industrial in the U.S. construction equipment and agricultural machinery markets. Operating income of both segments also benefited from productivity and margin improvements.

Operating income of the Lease Financing segment increased to \$12 in 1994 from \$4 in 1993. This improved operating income relates almost exclusively to the leasing activities of DCC and resulted from a reduction in interest expense as a percent of revenue (31% in 1994, 34% in 1993), an increase in lease financing and related revenue of 11% in 1994 over 1993 and income from the receipt of an insurance settlement in 1994.

Selling, general and administrative expenses (SG&A) were \$612 in 1994 compared to \$523 for 1993, an increase of \$89. Acquisitions made in the latter half of 1993 and early in 1994 accounted for \$36 of the increase. After adjusting for the effect of acquisitions, SG&A increased 10%, primarily due to higher business levels. The ratio of expense to sales continued to improve and was 9.2% in 1994 compared to 9.6% in 1993, due to continuing cost containment and productivity efforts.

Interest expense decreased to \$113 in 1994 from \$137 in 1993 due to the overall lower average interest rates achieved through the replacement of higher rate notes and debentures with lower rate debt and the conversion of the 5 7/8% convertible debentures to stock. Average debt levels were comparable in 1994 and 1993.

Dana's international operations had operating income of \$127 in 1994, an increase of \$30 from the \$97 reported in 1993. The profitability of the Company's operations in Canada and the Asia Pacific region improved significantly over the prior year. Additional operating income improvements were contributed by Dana's European acquisitions as well as DCC's European operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
in millions

DANA CORPORATION

RESULTS OF OPERATIONS 1994 VS 1993 (CONT'D)

Equity in earnings of affiliates increased to \$24 in 1994 from \$16 in 1993 due to improved performance by Dana's affiliates in Korea and Venezuela and by DCC's leasing partnerships. The improved performance of the Korean affiliate related to the turnaround in the local economy, while Dana's affiliate operation in Venezuela has benefited from strong export sales volume. Certain DCC leasing partnerships contributed higher earnings in 1994 compared to 1993. Dana's Mexican affiliate, whose functional currency is the peso, also had an improved operating performance in 1994 over 1993. Because this affiliate is included in the consolidated financial statements with a fiscal year end of October 31, the devaluation of the Mexican peso did not affect Dana's earnings in 1994. The affiliate has approximately \$130 in U.S. dollar denominated debt and it is estimated that the translation of this debt into pesos will result in Dana recording a charge to first quarter 1995 earnings of approximately \$17, or \$.17 per share for its proportionate share of the translation loss. Near term movement in the value of the Mexican peso is currently difficult to predict and is partially dependent upon the results of the economic support efforts of the U.S. and international economic organizations.

Minority interest in net income of consolidated subsidiaries increased in 1994 to \$30 from \$26 in 1993 due to increased earnings of Dana's subsidiary in Canada.

Taxes on income increased to \$157 in 1994 from \$90 in 1993 due to higher pre-tax income. The effective tax rate increased to 40% in 1994 compared to 39% in 1993. A \$3 reduction in income tax expense in 1993 was recorded to recognize the effect that the 1% U.S. corporate income tax rate increase had on the Company's previously recorded income tax benefits.

ADDITIONAL INFORMATION

Beginning in 1988, Dana Credit Corporation, our indirect wholly-owned leasing and finance subsidiary which had previously been accounted for on the equity method, was fully consolidated to reflect adoption of SFAS No. 94, "Consolidation of All Majority-owned Subsidiaries." DCC is a direct subsidiary of Diamond Financial Holdings, Inc. and represents substantially all of the operations and assets of DFHI with the exception of \$82.0 of investments and other assets. The additional information on pages 45 - 47 shows Dana's balance sheet, income statement and cash flows as if DCC and DFHI were accounted for on the equity method and DCC (on pages 48 - 49) on a stand-alone basis. The Company believes this separate financial data will help the reader better understand the consolidated statements and related notes on pages 23 - 39.

ADDITIONAL INFORMATION -- STATEMENT OF INCOME
in millions (including Dana Credit Corporation on an equity basis)

	Year Ended December 31		
	1993	1994	1995
NET SALES	\$5,456.9	\$6,607.4	\$7,596.3
Other income	11.9	9.2	33.7
Foreign currency adjustments	(24.2)	(22.0)	7.8
	5,444.6	6,594.6	7,637.8
Costs and expenses			
Cost of sales	4,687.8	5,630.5	6,469.0
Selling, general and administrative expenses	449.7	529.8	602.9
Interest expense	83.2	54.3	75.5
	5,220.7	6,214.6	7,147.4
Income before income taxes	223.9	380.0	490.4
Estimated taxes on income	89.3	154.9	181.0
Income before minority interest and equity in earnings of affiliates	134.6	225.1	309.4
Minority interest in net income of consolidated subsidiaries	(26.2)	(30.2)	(40.4)
Equity in earnings of affiliates	20.1	33.3	19.1
Income before the effect of a change in accounting principle	128.5	228.2	288.1
Effect on prior years of the change in accounting for postemployment benefits	(48.9)		
Net income	\$ 79.6	\$ 228.2	\$ 288.1

ADDITIONAL INFORMATION -- BALANCE SHEET
in millions (including Dana Credit Corporation on an equity basis)

	December 31	
	1994	1995
ASSETS		
Current assets		
Cash	\$ 43.0	\$ 18.6
Marketable securities, at cost which approximates market	64.0	36.3
Accounts receivable, less allowance for doubtful accounts of \$19.6 - 1994 and \$23.5 - 1995	1,009.6	1,098.4
Inventories	740.2	874.8
Other current assets	132.3	132.5
Total current assets	1,989.1	2,160.6
Investments and other assets		
Investments at equity	205.6	159.9
Goodwill	196.9	269.4
Intangible pension asset	81.6	74.6
Other	86.5	99.6
Total investments and other assets	570.6	603.5
Deferred income tax benefits	316.2	337.5
Property, plant and equipment, net	1,210.4	1,486.4
Total assets	\$4,086.3	\$4,588.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	\$ 413.1	\$ 515.4
Accounts payable	387.1	430.0
Accrued payroll and employee benefits	221.8	222.1
Other accrued liabilities	287.9	277.0
Taxes other than taxes on income	38.5	37.2
Taxes on income	107.4	126.7
Total current liabilities	1,455.8	1,608.4
Deferred employee benefits and other noncurrent liabilities	1,149.2	1,127.5
Long-term debt	389.3	533.7
Minority interest in consolidated subsidiaries	152.2	153.8
Shareholders' equity	939.8	1,164.6
Total Liabilities and Shareholders' equity	\$4,086.3	\$4,588.0

ADDITIONAL INFORMATION -- STATEMENT OF CASH FLOWS
in millions (including Dana Credit Corporation on an equity basis)

	Year Ended December 31		
	1993	1994	1995
Net cash flows from operating activities	\$ 391.0	\$ 435.4	\$ 325.8
Cash flows from investing activities:			
Purchases of property, plant and equipment	(175.8)	(278.2)	(338.3)
Purchase of minority interest of Hayes-Dana, Inc.			(92.4)
Purchase of European axle group			(93.0)
Other acquisitions and additions to investments	(44.9)	(21.6)	(37.1)
Other	40.1	14.8	69.7
Net cash flows - investing activities	(180.6)	(285.0)	(491.1)
Cash flows from financing activities:			
Net change in short-term debt	4.4	80.8	56.4
Issuance of long-term debt	224.1	50.0	310.0
Payments on long-term debt	(375.0)	(166.6)	(167.3)
Dividends paid	(73.8)	(82.0)	(91.2)
Other	14.3	7.4	5.3
Net cash flows - financing activities	(206.0)	(110.4)	113.2
Net increase (decrease) in cash and cash equivalents	4.4	40.0	(52.1)
Cash and cash equivalents - beginning of year	62.6	67.0	107.0
Cash and cash equivalents - end of year	\$ 67.0	\$ 107.0	\$ 54.9
Reconciliation of net income to net cash flows from operating activities:			
Net income	\$ 79.6	\$ 228.2	\$ 288.1
Noncash items included in income:			
Effect on prior years of the change in accounting for postemployment benefits	48.9		
Depreciation and amortization	154.3	163.6	187.4
Deferred income taxes	9.4	13.0	(23.1)
Minority interest	13.4	12.3	7.0
Net change in receivables, inventory and payables	67.4	18.0	(118.5)
Unremitted earnings of affiliates	8.8	(7.0)	(3.4)
Other	9.2	7.3	(11.7)
Net cash flows from operating activities	\$ 391.0	\$ 435.4	\$ 325.8

ADDITIONAL INFORMATION -- BALANCE SHEET DANA CREDIT CORPORATION
in millions (an indirect wholly-owned subsidiary of Dana Corporation)

	December 31	
	1994	1995
ASSETS		
Cash	\$ 2.5	\$ 11.5
Loans receivable	61.4	114.4
Lease financing	1,013.1	1,153.5
Investments in partnerships	40.7	29.1
Other assets	55.3	78.2
Total Assets	\$1,173.0	\$1,386.7
LIABILITIES AND SHAREHOLDER'S EQUITY		
Short-term debt	\$ 177.2	\$ 371.7
Long-term debt	640.1	600.7
Other liabilities	55.0	74.3
Deferred income taxes	211.5	235.4
Shareholder's equity	89.2	104.6
Total Liabilities and Shareholder's Equity	\$1,173.0	\$1,386.7

ADDITIONAL INFORMATION -- STATEMENT OF INCOME DANA CREDIT CORPORATION
in millions (an indirect wholly-owned subsidiary of Dana Corporation)

	Year Ended December 31		
	1993	1994	1995
Revenues			
Lease financing	\$ 120.0	\$ 132.4	\$ 152.2
Interest and fees on loans	8.4	7.6	6.2
Other revenues	18.3	21.7	22.0
	146.7	161.7	180.4
Expenses			
Interest expense	50.7	51.9	62.8
General and administrative expenses	79.2	89.7	103.1
	129.9	141.6	165.9
Income before income taxes	16.8	20.1	14.5
Estimated income tax provision (benefit)	5.3	5.4	(8.0)
Income before equity in earnings of affiliates	11.5	14.7	22.5
Equity in earnings of affiliates	3.2	5.3	4.9
Net Income	\$ 14.7	\$ 20.0	\$ 27.4

ADDITIONAL INFORMATION --

STATEMENT OF CASH FLOWS

DANA CREDIT CORPORATION

in millions (an indirect wholly-owned subsidiary of Dana Corporation)

	Year Ended December 31		
	1993	1994	1995
Net cash flows from operating activities	\$ 92.9	\$ 93.5	\$ 107.1
Cash flows from investing activities:			
Purchases of assets to be leased	(298.2)	(402.8)	(507.9)
Loans made to customers and affiliates	(20.9)	(30.1)	(24.8)
Payments received on leases	164.1	195.5	201.0
Proceeds from sales of leased assets	33.0	39.8	60.8
Payments received on loans	6.6	102.9	16.6
Other	20.4	12.3	13.8
Net cash flows -- investing activities	(95.0)	(82.4)	(240.5)
Cash flows from financing activities:			
Net change in short-term debt	62.0	(106.7)	194.5
Issuance of long-term debt	354.3	305.4	108.1
Payments on long-term debt	(399.8)	(197.3)	(147.5)
Dividends paid	(15.7)	(17.7)	(12.7)
Net cash flows -- financing activities	.8	(16.3)	142.4
Net increase (decrease) in cash	(1.3)	(5.2)	9.0
Cash and cash equivalents -- beginning of year	9.0	7.7	2.5
Cash and cash equivalents -- end of year	\$ 7.7	\$ 2.5	\$ 11.5
Reconciliation of net income to net cash flows from operating activities:			
Net income	\$ 14.7	\$ 20.0	\$ 27.4
Noncash items included in income:			
Depreciation	33.7	38.5	50.0
Deferred income taxes	20.1	45.1	26.6
Provision for credit losses	12.1	15.9	15.6
Gains from sales of leased assets	(6.8)	(2.9)	(10.1)
Change in income taxes recoverable	6.4	(21.3)	(3.2)
Unremitted earnings of affiliates	(3.2)	(5.3)	(4.9)
Change in other assets, other liabilities and accrued expenses	15.9	3.5	5.7
Net cash flows from operating activities	\$ 92.9	\$ 93.5	\$ 107.1

ADDITIONAL INFORMATION
in millions except per share amounts

DANA CORPORATION

SHAREHOLDERS' INVESTMENT

The following table shows the range of market prices of Dana Corporation common stock on the New York Stock Exchange and the cash dividends declared and paid for each quarter during 1994 and 1995. At December 31, 1995, the closing price of Dana common stock was \$29 1/4.

STOCK PRICE							CASH DIVIDENDS DECLARED AND PAID
							1994
							1995
QUARTER ENDED	HI	LO	CLOSE	HI	LO	CLOSE	
March 31	\$ 30 11/16	\$ 27 1/4	\$ 28 5/8	26	21 3/8	25 1/2	\$.20
June 30	30 5/8	25 1/2	28 1/2	29 1/2	24	28 5/8	.21
September 30	29 3/4	26 1/4	27 3/4	32 5/8	28	28 7/8	.21
December 31	27 7/8	19 5/8	23 1/2	31	25 1/4	29 1/4	.21

1995

QUARTER ENDED

March 31	\$.21
June 30	.23
September 30	.23
December 31	.23

UNAUDITED QUARTERLY FINANCIAL INFORMATION

The following information has been reviewed by our independent accountants in accordance with generally accepted auditing standards (GAAS); however, they have not performed an audit in accordance with GAAS on the quarterly information to enable them to opine on each quarter. Quarterly per share amounts were computed using the average number of outstanding shares for each quarter.

QUARTER ENDED	NET SALES	GROSS PROFIT	NET INCOME (LOSS)	NET INCOME (LOSS) PER SHARE
For the year ended December 31, 1993				
March 31	\$1,324	\$181	\$ (25.4) (A)	\$ (.27)
June 30	1,418	214	36.6	.39
September 30	1,291	194	33.2	.36
December 31	1,427	196	35.2	.38
For the year ended December 31, 1994				
March 31	\$1,597	\$234	\$ 47.7	\$.48
June 30	1,712	281	68.0	.69
September 30	1,610	234	52.9	.54
December 31	1,695	241	59.6	.60
FOR THE YEAR ENDED DECEMBER 31, 1995				
MARCH 31	\$1,924	\$290	\$ 59.2	\$.59
JUNE 30	1,969	315	89.1	.88
SEPTEMBER 30	1,727	268	60.9	.60
DECEMBER 31	1,978	275	78.9	.77

(A) Includes the one-time charge of \$48.9 reflecting the adoption of SFAS No. 112 effective January 1, 1993.

Dana's third quarter 1993 net income included approximately \$3.0 (\$.03 per share) of income tax benefit attributable primarily to the effect of the change in the U.S. corporate income tax rate on deferred income tax benefits.

During the first quarter of 1995, Dana recorded a non-operating charge of \$18.0 (\$.17 per share) for its proportionate share of translation losses incurred by its Mexican affiliate, Spicer S.A. de C.V., due to the devaluation of the Mexican peso.

In the fourth quarter, Dana recorded a gain of \$12.0 (\$.11 per share) due to the sale of equity in three South American affiliates, a tax benefit of \$5.2 (\$.05) due to the sale of an insurance subsidiary in Bermuda and a charge of \$5.8 (\$.06) relating to a tentative settlement of a lawsuit filed by the Department of Justice.

ELEVEN YEAR HISTORY
in millions except share and per share amounts

DANA CORPORATION

FINANCIAL HIGHLIGHTS

For the Years	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Net Sales	\$3,797	\$3,738	\$4,180	\$4,936	\$4,865	\$4,952	\$4,398	\$4,872	\$5,460	\$6,614	\$7,598
Net Income (Loss)	165	84	142	162	132	76	13	(382)	80	228	288
Net Income (Loss) per Common Share	1.48	.82	1.62	1.99	1.62	.92	.16	(4.35)	.86	2.31	2.84
Dividends Declared per Common Share	.64	.64	.70	.77	.80	.80	.80	.80	.80	.83	.90
Total Assets	4,174	4,578	4,914	4,786	5,225	4,513	4,179	4,343	4,632	5,111	5,694
Long-Term Debt	663	1,027	1,322	1,324	1,522	1,486	1,541	1,467	1,207	1,187	1,315

DANA CORPORATION
(including Diamond Financial Holdings, Inc. on an equity basis)

For the Years	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Net Income per Share of Common Stock+	\$ 1.48	\$.82	\$ 1.62	\$ 1.99	\$ 1.62	\$.92	\$.16	\$.64	\$ 1.39	\$ 2.31	\$ 2.84
Cash Dividends per Share of Common Stock Declared and Paid	.64	.64	.70	.77	.80	.80	.80	.80	.80	.83	.90
SUMMARY OF OPERATIONS											
NET SALES	\$3,754	\$3,695	\$4,142	\$4,896	\$4,857	\$4,948	\$4,385	\$4,863	\$5,457	\$6,607	\$7,596
Cost of Sales	3,054	3,075	3,480	4,133	4,104	4,129	3,841	4,282	4,688	5,631	6,469
Income (Loss) before Income Taxes	342	201	203	238	217	187	(24)	48	224	380	490
Income Taxes*	169	96	84	109	95	97	3	26	89	155	181
NET INCOME+	165	84	142	162	132	76	13	56	129	228	288
Net Income for the Year Retained for Growth	93	19	81	100	67	10	--	--	6	146	197
Interest Expense	51	63	91	103	118	120	111	99	83	54	76
YEAR END FINANCIAL POSITION											
Liquid Assets**	\$ 533	\$ 563	\$ 733	\$ 801	\$ 763	\$ 764	\$ 746	\$ 837	\$ 990	\$1,117	\$1,153
Working Capital	612	590	484	509	508	487	423	562	569	533	552
Ratio of Current Assets to Current Liabilities	1.9-1	1.8-1	1.5-1	1.5-1	1.5-1	1.5-1	1.4-1	1.6-1	1.5-1	1.4-1	1.3-1
Total Shareholders' Equity	1,195	944	865	960	1,020	1,049	989	707	801	940	1,165
Long-Term Debt	354	618	690	681	759	766	786	687	496	389	534

Net Property, Plant and Equipment	737	765	820	905	985	1,107	1,077	1,029	1,061	1,210	1,486
Total Assets	2,424	2,514	2,788	2,916	3,102	3,196	2,959	3,349	3,684	4,086	4,588
Average Number of Shares Outstanding (in thousands)	112,020	102,196	87,430	81,353	81,658	81,954	82,171	87,792	92,533	98,689	101,297
Stock Price High	15 3/16	18 1/4	27 1/8	20 1/4	21 7/16	19 1/16	18 1/4	24 1/8	30 1/8	30 11/16	32 5/8
Low	11 1/8	12 3/4	13 3/4	16 1/4	16 1/2	9 15/16	12 5/16	13 3/8	22	19 5/8	21 3/8
Close	13 5/8	17 7/16	17 1/16	19 7/16	17 5/16	14 15/16	13 7/8	23 1/2	29 15/16	23 1/2	29 1/4
* Net of the cumulative effect of the change in accounting for income taxes in 1987.											
** Cash, Marketable Securities and Accounts Receivable											
+ Excludes one-time SFAS No. 106 charge of \$438 (\$4.99 per share) in 1992 and SFAS No. 112 charge of \$49 (\$.53 per share) in 1993.											

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DANA CORPORATION
Subsidiaries
as of December 31, 1995

Name - - - - -	Jurisdiction -----
DSA of America, Inc.	Delaware
Albarus Inc.	Delaware
DTF Trucking, Inc.	Delaware
Dana Distribution, Inc.	Delaware
Dana International Finance, Inc.	Delaware
Dana International Limited	Delaware
Dana World Trade Corporation	Delaware
Flight Operations, Inc.	Delaware
Gemstone Gasket Company	Delaware
Precision Specialties, Inc.	Delaware
Swanton Air Three, Inc.	Delaware
Results Unlimited, Inc.	Delaware
Warner Sensors Corporation	Delaware
Undercar International, Inc.	Delaware
Krizman International, Inc.	Delaware
McQuay-Norris, Inc.	Delaware
Reinz Wisconsin Gasket Co.	Delaware
Plumley Companies, Inc.	Tennessee
Plumley Marugo, Ltd.	Tennessee
Mohawk Plastics, Inc.	Michigan
Dana Venture Capital Corporation	Ohio
Diamond Financial Holdings, Inc.	Delaware
Summey Building Systems, Inc.	North Carolina
Admiral's Harbour, Inc.	Ohio
Dana Credit Corporation	Delaware
Dana Commercial Credit Corporation	Delaware
Camotop Two Corporation	Delaware
Comprehensive Asset Services, Inc.	Delaware
Dana Business Credit Corporation	Delaware
Dana Commercial Finance Corporation	Delaware
Dana Fleet Leasing, Inc.	Delaware
Isom & Associates	Delaware
Leased Equipment, Inc.	Delaware
Lease Recovery, Inc.	Delaware
Midwest Housing Investments J.V., Inc.	Delaware
Potomac Leasing Company	Delaware
Shannon Facilities Leasing, Inc.	Delaware
Shannon Property Management, Inc.	Delaware
CCD Air Ten, Inc.	Delaware
CCD Air Eleven, Inc.	Delaware
CCD Air Twelve, Inc.	Delaware
CCD Air Thirteen, Inc.	Delaware
CCD Air Fourteen, Inc.	Delaware

Name - - - - -	Jurisdiction - - - - -
CCD Air Twenty, Inc.	Delaware
CCD Air Twenty-One, Inc.	Delaware
CCD Air Twenty-Two, Inc.	Delaware
CCD Air Twenty-Three, Inc.	Delaware
CCD Air Thirty, Inc.	Delaware
CCD Air Thirty-Two, Inc.	Delaware
CCD Air Thirty-Three, Inc.	Delaware
CCD Air Thirty-Four, Inc.	Delaware
CCD Air Thirty-Five, Inc.	Delaware
CCD Air Thirty-Six, Inc.	Delaware
CCD Air Thirty-Seven, Inc.	Delaware
CCD Air Thirty-Eight	Delaware
CCD Air Thirty-Nine, Inc.	Delaware
CCD Air Forty, Inc.	Delaware
CCD Air Forty-One, Inc.	Delaware
CCD Air Forty-Two, Inc.	Delaware
CCD Air Forty-Four, Inc.	Delaware
CCD Air Forty-Six, Inc.	Delaware
CCD Airway One, Inc.	Delaware
CCD Airway Three, Inc.	Delaware
CCD Airway Five, Inc.	Delaware
CCD Rail Two, Inc.	Delaware
CCD Rail Three, Inc.	Delaware
DCC Franchise Services, Inc.	Delaware
DCC Project Finance One, Inc.	Delaware
DCC Project Finance Two, Inc.	Delaware
DCC Project Finance Three, Inc.	Delaware
DCC Linden, Inc.	Delaware
DCC Project Finance Four, Inc.	Delaware
DCC Project Finance Five, Inc.	Delaware
DCC Project Finance Six, Inc.	Delaware
DCC Project Finance Ten, Inc.	Delaware
DCC Servicing, Inc.	Delaware
REBAC, Inc.	Delaware
REBNEC Three, Inc.	Delaware
REBNEC Five, Inc.	Delaware
REBNEC Seven, Inc.	Delaware
REBNEC Eight, Inc.	Delaware
REBNEC Nine, Inc.	Delaware
REBNEC Eleven, Inc.	Delaware
REED, Inc.	Delaware
REFIRST, Inc.	Delaware
RENOVO One, Inc.	Delaware
RENOVO Three, Inc.	Delaware
RENOVO Five, Inc.	Delaware
RENOVO Seven, Inc.	Delaware
RENOVO Nine, Inc.	Delaware
RENOVO Eleven, Inc.	Delaware
RENOVO Thirteen, Inc.	Delaware
RETRAM, Inc.	Delaware

Name - - - - -	Jurisdiction - - - - -
TNUH, Inc.	Delaware
Dana Lease Finance Corporation	Delaware
Camotop One Corporation	Delaware
Dana Leasing, Inc.	Delaware
CCD Air One, Inc.	Delaware
CCD Air Two, Inc.	Delaware
CCD Air Three, Inc.	Delaware
CCD Air Four, Inc.	Delaware
CCD Air Five, Inc.	Delaware
CCD Air Seven, Inc.	Delaware
CCD Air Eight, Inc.	Delaware
CCD Air Nine, Inc.	Delaware
CCD Air Forty-Three, Inc.	Delaware
CCD Air Forty-Seven, Inc.	Delaware
CCD Airway Two, Inc.	Delaware
CCD Airway Four, Inc.	Delaware
CCD Rail One, Inc.	Delaware
CCD Rail Four, Inc.	Delaware
DCC Project Finance Seven, Inc.	Delaware
DCC Project Finance Eight, Inc.	Delaware
DCC Project Finance Eleven, Inc.	Delaware
DCC Spacecom Two, Inc.	Delaware
DCC Vendercom, Inc.	Delaware
JVQ Capital One, Inc.	Delaware
REBNEC One, Inc.	Delaware
REBNEC Two, Inc.	Delaware
REBNEC Four, Inc.	Delaware
REBNEC Six, Inc.	Delaware
REBNEC Ten, Inc.	Delaware
REBNEC Twelve, Inc.	Delaware
RECONN, Inc.	Delaware
RENOVO Two, Inc.	Delaware
RENOVO Four, Inc.	Delaware
RENOVO Six, Inc.	Delaware
RENOVO Eight, Inc.	Delaware
RENOVO Ten, Inc.	Delaware
RENOVO Twelve, Inc.	Delaware
RERSEY, Inc.	Delaware
RESAMM, Inc.	Delaware
REVA, Inc.	Delaware
DCC Project Finance Nine, Inc.	Delaware
Farnborough Properties Partners I Limited	Delaware
Farnborough Properties Partners II Limited	Delaware
Farnborough Properties Partners III Limited	Delaware
Farnborough Properties Partners IV Limited	Delaware
Dana Risk Management Services, Inc.	Ohio
Findlay Properties, Inc.	Ohio
Glendale Investment Company	Ohio
Ottawa Properties, Inc.	Michigan

Name -----	Jurisdiction -----
Shannon Properties, Inc.	Delaware
Britannia Properties, Inc.	Delaware
First Shannon Realty of North Carolina, Inc.	North Carolina
Lenox I-4 Lakeland Associates	Florida
Region Center Associates	Florida
Sunforest Communications Group	Florida
 Avalon Partners Two	California
Bethesda-BOB Limited Partnership	Massachusetts
Blue Diamond Limited Partnership	Delaware
D.C.L. Leasing Partners Limited Partnership, Ltd.-IV	Delaware
D.C.L. Leasing Partners Limited Partnership, Ltd.-VI	Delaware
Express Stop Financing	Delaware
Federal Southfield Limited Partnership	Massachusetts
Home Improvement Leasing Limited Partnership	Massachusetts
Linden Owner Partnership	Delaware
Pleasant View of North Vernon, L.P.	Indiana
Prestwick Square of Jeffersonville, L.P.	Indiana
SAM Terabac Limited Partnership	Delaware
Stonegate Apartments of Cambridge City Assoc., L.P.	Indiana
Terabac Investors Limited Partnership	Delaware
 Dana Austria GmbH	Austria
 Dana Canada, Inc.	Canada
Hayes-Dana (Quebec), Inc.	Canada
Dana Commercial Credit, Canada Inc.	Canada
DCCNRO, Canada Inc.	Canada
 Shenyang Spicer Driveshaft Co. Ltd.	China
Tianjin Wix Filter Corp.	China
 Dana Japan, Ltd.	Japan
 Dantean Co., Ltd	Thailand
Dana Asia (Thailand) Ltd.	Thailand
Spicer Asia (Thailand) Ltd.	Thailand
Dana Industrial Co., Ltd.	Thailand
 Dana Asia (Singapore) Pte. Ltd.	Singapore
 R.O.C. Spicer Ltd.	Taiwan
Timing Investments Limited	Taiwan
Taiyin Enterprise Ltd.	Taiwan
Taiyiu Warner Industrial Ltd.	Taiwan
Dana Asia (Taiwan) Ltd. (Warner Electric Trading Co.)	Taiwan
Dana Asia (Taiwan) APD Co., Ltd.	Taiwan
Spicer Asia Engineering Ltd.	Taiwan
ROC Spicer Investment Co., Ltd.	Taiwan
Shenyang Spicer Limited	Taiwan
 Dana Australia (Holdings) Limited	Australia
Dana Australia Pty Limited	Australia
Truckline Parts Centres Pty. Ltd.	Australia
Dana Australia Trading Pty. Ltd.	Australia
Warner Electric Australia Pty. Ltd.	Australia

Name - - - - -	Jurisdiction - - - - -
Dana Europe Holdings B.V.	Netherlands
Dana Distribution (Holland) B.V.	Netherlands
Technisch Bureau Hoevelaken B.V.	Netherlands
Warner Electric B.V.	Netherlands
Spicer Nederland B.V.	Netherlands
Superior Electric Nederland B.V.	Netherlands
Tece Almere B.V.	Netherlands
Europecas S.A.	Portugal
Europecas (Porto) Comercio de Pecas Veiculos Lda.	Portugal
Warner Electric SA	Belgium
Dana Spicer Axle Europe Ltd.	United Kingdom
Dana Holdings Limited	United Kingdom
Dana Limited	United Kingdom
Brown Brothers Corporation Ltd.	United Kingdom
Brown Brothers Engineering Limited	United Kingdom
Steiber Formsprag Ltd.	United Kingdom
Posidata Ltd.	United Kingdom
B. Equipment Ltd.	United Kingdom
Dana (1982) Ltd.	United Kingdom
Brown Brothers Ltd.	United Kingdom
Needham Collections Ltd.	United Kingdom
Brown Brothers Investments Ltd.	United Kingdom
V.A. Afif Ltd.	United Kingdom
Warner Electric Limited	United Kingdom
Dana Interlock Limited	United Kingdom
Wichita Company Limited	United Kingdom
Steiber Ltd.	United Kingdom
Superior Electric Engineering Services, Ltd.	United Kingdom
Dana Commercial Credit (UK) Ltd.	United Kingdom
Dana Commercial Credit Ltd.	United Kingdom
DCC (March) Ltd.	United Kingdom
DCC (June) Ltd.	United Kingdom
DCC (Sept) Ltd.	United Kingdom
Letovon Hammersmith Co.	United Kingdom
Letovon Heathrow Co.	United Kingdom
Letovon Waterloo Co.	United Kingdom
Farnborough Properties Company	United Kingdom
Farnborough Airport Properties Company	United Kingdom
Dana Finance S.A.	France
Dana S.A.	France
Floquet Monopole S.A.	France
Societe Industrielle de Precision Marti, S.A.	France
S.R.I.M.	France
Spicer France S.A.R.L.	France
Warner France S.A.	France
Collins &Tournadre "Tourco"	France
GIE Warner &Tourco	France
Steiber S.A.R.L.	France
Superior Electric S.A.R.L.	France

Name - - - - -	Jurisdiction - - - - -
Precision Transmatic Devices, Ltd.	India
Perfect Circle Victor Exports Limited	India
Spicer India Limited	India
Dana Italia SpA	Italy
Sige Brevetti. Ing. Columbo SpA	Italy
Metaltechno SpA	Italy
Dana Spicer Europe SpA	Italy
Industrias Serva S.A.	Spain
Warner Electric Ltd.	Spain
Dana Equipamientos, S.A.	Spain
Dana AB	Sweden
Warner-Tollo AB	Sweden
Warner Electric (International) S.A.	Switzerland
Warner Electric S.A.	Switzerland
Dana GmbH	Germany
Dana Holdings GmbH	Germany
Reinz Dichtungs GmbH	Germany
Euro Reinz GmbH	Germany
Warner Electric GmbH	Germany
Erwin Hengstler Hydraulic GmbH	Germany
The Weatherhead GmbH	Germany
Stieber Formsprag-Warner	Germany
Spicer GmbH	Germany
Stieber Antriebselemente GmbH	Germany
M. Friesen GmbH	Germany
Dana Equipamentos Ltda.	Brazil
Albarus, S.A. Industrial E Comercio	Brazil
Pellegrino Autopecas Industrial e Comercio Ltda.	Brazil
Albarus Sistemas Hidraulicos Ltda.	Brazil
Albarus S.A. Comercial e Exportadora	Brazil
Cirane Industria e Comercio Ltda.	Brazil
Previalbarus Societe de Providencia	Brazil
Warner Electric do Brasil Ltda.	Brazil
Dana do Brasil Ltda.	Brazil
Dana Industrias Ltda.	Brazil
Solar Insurance Company Limited	Bermuda
Astro Insurance Company Ltd.	Bermuda
Dana Foreign Sales Corp.	Virgin Islands
Fairway Captive Services Limited	Virgin Islands
Dana Asia (Hong Kong) Limited	Hong Kong
Shui Hing Manufacturing Company Limited	Hong Kong
Technologia de Mocion Controlada S.A. de C.V.	Mexico

Name - - - - -	Jurisdiction - - - - -
UBALI S.A.	Uruguay
Talesol S.A.	Uruguay
E. Daneri, I.C.S.A.	Argentina
AROS Daneri, S.A.	Argentina
Dana Asia Pacific (Malaysia) Sdn. Bhd.	Malaysia
Dana Asia (Korea) Co., Ltd	Korea
Industria De Ejes y Transmisiones S.A.	Colombia
Repsa S.A.	Colombia
Transejes C.D. Ltda.	Colombia
Transcar Ltda.	Colombia
Transmotor Ltda.	Colombia
TH S.A.	Colombia

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Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-64198) of Dana Corporation of our report dated January 25, 1996, appearing on page 22 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page 17 of this Form 10-K.

PRICE WATERHOUSE LLP
/s/ Price Waterhouse LLP

Toledo, Ohio
March 4, 1996

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POWER OF ATTORNEY

The undersigned directors and/or officers of DANA CORPORATION hereby constitute and appoint SOUTHWOOD J. MORCOTT, JAMES E. AYERS, CHARLES W. HINDE, SUE A. GRIFFIN and MARTIN J. STROBEL, and each of them, severally, their true and lawful attorneys-in-fact with full power for and on their behalf to execute the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, including any and all amendments thereto, in their names, places and stead in their capacity as directors and/or officers of the Corporation, and to file the same with the Securities and Exchange Commission on behalf of the Corporation under the Securities and Exchange Act of 1934, as amended.

This Power of Attorney automatically ends as to each appointee upon the termination of his or her service with the Corporation.

IN WITNESS WHEREOF, the undersigned have executed this instrument the 11th day of December, 1995.

/s/ B. F. Bailar

B. F. Bailar

/s/ E. M. Carpenter

E. M. Carpenter

/s/ E. Clark

E. Clark

/s/ R. T. Fridholm

R. T. Fridholm

/s/ G. H. Hiner

G. H. Hiner

/s/ M. R. Marks

M. R. Marks

/s/ S. J. Morcott

S. J. Morcott

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/s/ J. D. Stevenson

J. D. Stevenson

/s/ T. B. Sumner, Jr.

T. B. Sumner, Jr.

/s/ J. E. Ayers

J. E. Ayers

/s/ C. W. Hinde

C. W. Hinde

/s/ S. A. Griffin

S. A. Griffin

/s/ M. J. Strobel

M. J. Strobel

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