SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20509

FORM 10-Q

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

For the Quarterly Period Ended June 30, 1997 — Commission File Number 1-1063

Dana Corporation
(Exact Name of Registrant as Specified in its Charter)

Virginia	34-4361040
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
4500 Dorr Street, Toledo, Ohio	43615
(Address of Principal Executive Offices)	(Zip Code)

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

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

Yes X No

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

Class	Outstanding at June 30, 1997
Common stock, $1 par value	104,379,207

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES
INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. DANA CORPORATION

CONDENSED BALANCE SHEET (Unaudited)

(in Millions)

Assets	December 31, 1996	June 30, 1997
Cash and Cash Equivalents	$ 227.8	$ 179.8
Accounts Receivable, Net	1,069.1	1,363.8
Inventories		
Raw Materials	209.9	259.9
Work in Process and Finished Goods	703.0	672.5
Lease Financing	1,167.3	1,223.7
Investments and Other Assets	958.1	1,287.6
Property, Plant and Equipment	3,642.0	3,859.1
Less: Accumulated Depreciation	1,817.2	1,911.8
Total Assets	$6,160.0	$6,934.6

Liabilities and Shareholders' Equity	December 31, 1996	June 30, 1997
Accounts Payable and Other Liabilities	$1,196.8	$1,452.8
Short-Term Debt	640.3	571.1
Long-Term Debt	1,697.7	2,097.5
Deferred Employee Benefits	1,025.6	1,059.9
Minority Interest	170.9	167.7
Shareholders' Equity	1,428.7	1,585.6
Total Liabilities and Shareholders' Equity	$6,160.0	$6,934.6

ITEM 1. (Continued)

DANA CORPORATION

STATEMENT OF INCOME (Unaudited)

(in Millions Except Per Share Amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	1996	1997	1996	1997
Net Sales	$2,020.5	$2,140.8	$3,993.2	$4,256.1
Revenue from Lease Financing and Other Income	49.0	75.5	112.5	211.4
	2,069.5	2,216.3	4,105.7	4,467.5
Costs and Expenses				
Cost of Sales	1,700.0	1,825.1	3,377.3	3,646.4
Selling, General and Administrative Expenses	190.2	187.6	372.0	380.6
Interest Expense	37.0	49.7	75.5	97.9
	1,927.2	2,062.4	3,824.8	4,124.9
Income Before Income Taxes	142.3	153.9	280.9	342.6
Estimated Taxes on Income	(49.4)	(60.7)	(103.4)	(157.3)
Minority Interest	(7.0)	(6.2)	(15.0)	(11.8)
Equity in Earnings of Affiliates	5.6	6.8	7.7	12.9
Net Income	$ 91.5	$ 93.8	$ 170.2	$ 186.4
Net Income Per Common Share	$ .90	$ .90	$ 1.68	$ 1.80
Dividends Declared and Paid per Common Share	$ .25	$ .25	$ .48	$ .50
Average Number of Shares Outstanding	101.6	103.8	101.6	103.8

ITEM 1. (Continued)

DANA CORPORATION

CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

(in Millions)

	Six Months Ended June 30	
	1996	1997
Net Income	$170.2	$186.4
Depreciation and Amortization	131.0	168.7
Working Capital Change and Other	(14.1)	(90.5)
Net Cash Flows from Operating Activities	287.1	264.6
Purchases of Property, Plant and Equipment	(160.5)	(169.4)
Purchases of Assets to be Leased	(206.0)	(236.7)
Payments Received on Leases and Loans	150.2	158.0
Acquisitions	(51.5)	(475.8)
Divestitures	10.9	152.0
Other	14.3	(0.1)
Net Cash Flows-Investing Activities	(242.6)	(572.0)
Net Change in Short-Term Debt	(28.2)	(95.9)
Proceeds from Long-Term Debt	220.4	700.3
Payments on Long-Term Debt	(203.0)	(300.2)
Dividends Paid	(48.8)	(51.9)
Other	3.2	7.1
Net Cash Flows-Financing Activities	(56.4)	259.4
Net Change in Cash and Cash Equivalents	(11.9)	(48.0)
Cash and Cash Equivalents-beginning of year	66.6	227.8
Cash and Cash Equivalents-end of period	$ 54.7	$179.8

ITEM 1. (Continued)

NOTES TO CONDENSED FINANCIAL STATEMENTS

(in Millions Except Per Share Amounts)

1. In the opinion of management, all normal recurring adjustments necessary to a fair presentation of results for the unaudited interim periods have been included.

2. In accordance with generally accepted accounting principles, Dana's wholly-owned financial subsidiary, Dana Credit Corporation (DCC), is included in the consolidated financial statements. The following is a recap of the revenue, net income, total assets, total liabilities and shareholder's equity of this subsidiary (unaudited):

DANA CREDIT CORPORATION

	Three Months Ended June 30		Six Months Ended June 30	
	1996	1997	1996	1997
Revenue	$58.2	$78.8	$118.2	$142.3
Net Income	8.4	10.5	15.9	18.0

	December 31, 1996	June 30, 1997
Total Assets	$1,669.2	$1,749.4
Total Liabilities	1,545.3	1,615.9
Shareholder's Equity	$ 123.9	$ 133.5

3. In February 1997, Dana acquired the assets of Clark-Hurth Components, a worldwide manufacturer of off-highway vehicle and equipment components, and the worldwide piston ring and cylinder liner operations and assets of SPX Corporation. These acquisitions have been accounted for as purchases and their results of operations have been included since the dates of acquisition. Goodwill relating to the acquisitions is included in Investments and Other Assets.

4. In March 1997, Dana completed the sale of its warehouse distribution operations in the U.K., the Netherlands and Portugal to U.K.-based Partco Group plc. for pound sterling 103 (U.S. $164) resulting in an after-tax gain of $45 (44 cents per share).

5. The Company initiated a rationalization plan at its Perfect Circle Europe operations resulting in a charge of $36 (35 cents per share) in the first quarter of 1997. The plan includes the sale of its Liancourt piston manufacturing facility, reorganization of its Dreux piston ring machining operation, sale of its Distribution France operation, and downsizing and relocation of its division office.

ITEM 1. (Continued)
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6. In July, 1997, Dana announced, subject to regulatory approval, agreements to purchase the global axle and brake business of Eaton Corporation for $287 and to sell its worldwide vehicular clutch business to Eaton for $180. The sale will result in an after-tax gain of approximately $70 (67 cents per share) when completed.

7. Dana has announced the closing of its Berwick, Pa. facility and the sale of its operating assets. The estimated after-tax cost of closing, $5 (five cents per share), was charged to earnings in the second quarter.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

(in Millions)

CASH FLOWS FROM OPERATIONS FOR SIX MONTHS ENDED JUNE 30	
1995	$ 79
1996	287
1997	265

Net cash provided by operating activities decreased $22 for the six months ended June 30, 1997 when compared to the same six months in 1996. This decrease is primarily due to increased working capital requirements which more than offset the increases in net income and depreciation and amortization expenses.

CAPITAL EXPENDITURES		
	SIX MONTHS ENDED JUNE 30	YEAR ENDED DECEMBER 31
1995	$168	$410
1996	161	357
1997	169	380*

*Projected

Net cash of $572 used in investing activities includes $324 relating to the acquisitions of the assets of Clark-Hurth Components (CH) and the piston and cylinder liner operations of SPX Corporation (SPD), offset by the divestiture of the European warehouse distribution operations. Capital expenditures were $8 higher than in 1996 with slightly higher spending anticipated in the second six months of the year. The Company currently anticipates an increase of approximately $23 in capital spending for 1997. Net purchases of assets to be leased(purchases less principal payments on leases and loans) were $79 in 1997, an increase of $23 over 1996.

Financing activities provided net cash of $259, primarily to support the acquisitions of CH and SPD. Total consolidated debt increased $331 over December 31, 1996. DCC's debt increased $48 over year end 1996.

Dana utilizes short-term committed and uncommitted bank lines for the issuance of commercial paper and bank direct borrowings. Dana (excluding DCC) had committed and uncommitted borrowing lines of credit totaling approximately $1.4 billion at June 30, 1997, while DCC's lines were $887. Dana's strong cash flows from operations, together with sufficient worldwide credit facilities, are expected to provide adequate liquidity to meet the Company's debt service obligations, projected capital expenditures and working capital requirements for 1997.

ITEM 2. Liquidity and Capital Resources (continued)
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(in Millions)

Dana's management and legal counsel have reviewed the legal proceedings to which the Company and its subsidiaries were parties as of June 30, 1997 (including, among others, those involving product liability claims and alleged violations of environmental laws) and concluded that neither the liabilities that may result from these legal proceedings nor the timing of the cash flows for these liabilities is reasonably likely to have a material adverse effect on the Company's liquidity, financial condition or results of operations. The Company estimates its contingent environmental and product liabilities based upon the most probable method of remediation or outcome considering currently enacted laws and regulations and existing technology. Measurement of liabilities is made on an undiscounted basis and excludes the effects of inflation and other societal and economic factors. In those cases where there is a range of equally probable remediation methods or outcomes, the Company accrues at the lower end of the range. At June 30, 1997, the Company accruals were $58 for product liability costs (products) and $55, including $11 relating to acquisitions, for environmental liability costs (environmental), compared to $65 for products and $47 for environmental at December 31, 1996. The difference between the Company's minimum and maximum estimates for contingent liabilities, while not considered material, was $17 for products and $1 for environmental at June 30, 1997, unchanged since December 31, 1996. Probable recoveries of $37 for products and $10 for environmental from insurance or third parties have been recorded as assets at June 30, 1997, compared to $39 for products and $10 for environmental at December 31, 1996.

ITEM 2. (Continued)

Results of Operations (Second Quarter 1997 vs Second Quarter 1996)

(in Millions)

SECOND QUARTER SALES

	1996	1997	% CHANGE
U.S.	$ 1,454	$1,538	6
International	566	603	7
Total	$2,020	$2,141	6

Sales for the second quarter of $2,141 exceeded 1996 second quarter sales by $121 or 6%. During 1997, sales of companies acquired, net of the European divestiture, amounted to $109 of the increase. On a comparable basis the sales increased 1% during the quarter. International sales increased $37 or 7% with $21 related to acquisitions, net of the European divestiture. The $84 million, 6%, increase in U.S. sales for the second quarter was primarily due to acquisitions. U.S. sales on a comparable basis remained even with the second quarter of 1996, even though such sales were negatively impacted by work stoppages at two major customers.

SECOND QUARTER SALES BY REGION

REGION	1996	1997	% CHANGE
North America	$1,554	$1,630	5
Europe	269	292	9
South America	150	168	12
Asia Pacific	47	51	9

The work stoppages impacted domestic light truck and sport utility vehicle component sales for the quarter, which were down 3% from 1996. U.S. sales of heavy truck OE components rose 5% over last year. As a result of acquisitions, worldwide sales to manufacturers of off-highway vehicles increased 57% and passenger car OE sales grew 22%.

Dana's second-quarter international distribution business declined 18% due to the sale of the European distribution business in the first quarter, while U.S. distribution sales increased 3%. Excluding the effect of the acquisitions and the European divestiture, international distribution sales increased 15%, U.S. sales decreased 4% and worldwide sales increased 2%.

Revenue from lease financing and other income increased $27 over the second quarter 1996. Contributing to the increase were higher interest income and the sale of an investment in a leveraged lease by DCC.

Dana's gross margin for the second quarter was 14.7% compared to 15.9% in 1996 and operating margin declined from 6.4% in 1996 to 6.0% in 1997. These margins were adversely affected by the work stoppages at two of our major customers and the $9 charge related to the Berwick, Pa. plant closing.

Selling, general and administrative expenses (SG&A) decreased $3 in 1997. The European divestiture was a significant reason for the decrease, partially offset by the effect of the acquisitions. The ratio of SG&A expense to sales improved from 9.4% in 1996 to 8.8% in 1997.

ITEM 2. (Continued)

Results of Operations (Second Quarter 1997 vs Second Quarter 1996)

(in Millions)

Interest expense was $13 higher than last year due to higher average debt levels related to acquisitions.

Dana's second quarter 1997 effective tax rate was 39% compared to 35% for 1996's second quarter. The 1996 rate reflects a lower effective rate for a Brazilian subsidiary.

Equity in earnings of affiliates increased $1 in 1997, the net effect of higher earnings of the Company's affiliates in Mexico and lower earnings of a South American affiliate.

The Company reported record second quarter profit of $94, a 3% increase over 1996. Despite second-quarter work stoppages at two major customers, earnings per share totaled 90 cents, level with the second quarter of 1996.

Results of Operations (Six Months 1997 vs Six Months 1996)

SALES FOR SIX MONTHS ENDED JUNE 30

	1996	1997	% CHANGE
U.S.	$2,889	$3,066	6
International	1,104	1,190	8
Total	$3,993	$4,256	7

Dana's worldwide sales of $4,256 for the first six months of 1997 were 7% higher than the same period last year. Excluding the effect of acquisitions and the European divestiture, sales increased $67 or 2% despite second-quarter work stoppages at two major customers. Global sales of light truck components (for sport utility vehicles, pick-up trucks and vans) to original equipment manufacturers were 8% above Dana's strong performance during the same period in 1996.

Dana's international operations increased sales 8% over 1996, with acquisitions adding $64 or 6% net of the European divestiture. Excluding these items, sales increased $23 or 2% in 1997. U.S. sales increased 6% over 1996, with acquisitions adding $132 or 4%. Excluding the effect of acquisitions, U.S. sales increased $44 or 2% in 1997. U.S. sales of heavy truck OE components, which strengthened in the second quarter, were still down 3% for the six months. Fueled by Dana's first-quarter acquisitions, sales to global manufacturers of off-highway vehicles were up 37% and worldwide sales to passenger car makers were up 20%. Excluding the effect of acquisitions, worldwide sales to global manufacturers of off-highway vehicles decreased 5% and worldwide sales to passenger car makers were down 2%.

ITEM 2. (Continued)

Results of Operations (Six Months 1997 vs Six Months 1996)

(in Millions)

SALES BY REGION FOR SIX MONTHS ENDED JUNE 30

REGION	1996	1997	% CHANGE
North America	$3,083	$3,247	5
Europe	555	610	10
South America	263	303	15
Asia Pacific	92	96	4

All regions reported increased sales over the comparable period in 1996. The European and South American sales continued to grow in the six-month period as the Company concentrated on international growth of its core businesses, particularly through acquisitions. North American sales were also higher in part from the ongoing demand for light truck and sport utility vehicles.

Dana's worldwide distribution business decreased 1% over the 1996 period, primarily due to the disposition of the European warehouse distribution business. Automotive distribution sales were down 11% (due to the distribution business disposition). Truck parts distribution was up 12% and off-highway/industrial distribution increased 8%. On a comparable basis, worldwide distribution sales increased 2%, automotive distribution sales decreased 1%, truck parts distribution increased 11% and off-highway/industrial distribution was even with 1996.

Revenue from lease financing and other income increased $99 in 1997. Contributing to the increase were $76 of other income relating to the divestiture of the European warehouse distribution operations, $13 from the sale of an investment in a leveraged lease by DCC and increased lease-related revenue at DCC.

Dana's gross margin for the first six months of 1997 was 14.3%, compared to 15.4% in 1996. Charges to cost of sales of $26 related to the rationalization plan at the Company's Perfect Circle Europe operations in France and $9 related to the estimated cost of closing the Berwick, Pa. plant as well as the effect of work stoppages at two of Dana's major customers were the primary reasons for the decline in gross margin. Excluding these charges and the estimated effect of the work stoppages, gross margin would have been comparable to 1996.

SG&A increased 2% in 1997. The increase due to acquisitions was substantially offset by the effect of the European divestiture. The ratio of SG&A expense to sales improved from 9.3% in 1996 to 8.9% in 1997.

Dana's operating margin for the six-month period was 5.4% in 1997 versus 6.1% in 1996. Excluding the charges for the European rationalization plan and the plant closing and the estimated effect of work stoppages, Dana's 1997 operating margin would have improved over 1996.

Interest expense increased $22 over the six-month period in 1996, primarily due to higher average debt levels associated with acquisitions.

ITEM 2. (Continued)

Results of Operations (Six Months 1997 vs Six Months 1996)

(in Millions)

Dana's effective tax rate for the first half of 1997 was 46% compared to 37% for 1996's first six months. The effective rate is higher due to the provision of a valuation reserve for tax benefits previously recorded in France and the valuation reserve for tax benefits associated with the expenses recorded for the rationalization plan at its Perfect Circle Europe operations.

Minority interest in net income of subsidiaries decreased $3, primarily due to the lower earnings recorded by Dana's majority-owned subsidiary in Brazil.

Equity in earnings of affiliates was higher in 1997 by $5, primarily due to higher earnings of the Company's affiliates in Mexico, which were partially offset by lower earnings of affiliates in Korea and South America.

The Company reported profit of $186, an increase of $16 or 9% from 1996. Earnings per share increased 7% over the first six months of 1996. The earnings for 1997 included a $45 after-tax gain on the sale of the European warehouse operations and charges of $36 for the rationalization plan of the Perfect Circle Europe operations and $5 for the Berwick, Pa. plant closing. Earnings were also negatively impacted by the work stoppages at two of Dana's major customers.

With the strikes at two of Dana's largest customers resolved, production of U.S. light trucks and sport utility vehicles is expected to continue with volumes similar to the second half of 1996. The domestic heavy truck market showed some improvement in the second quarter of 1997 and is expected to continue this slight improvement for the remainder of the year.

Dana recently announced several major steps to rationalize its business portfolio worldwide and to focus more sharply on its core businesses. These plans include selling its global vehicular clutch business to Eaton Corporation and purchasing Eaton's worldwide axle and brake operations; selling its transmission business to a unit of its Mexican affiliate Spicer, S.A. de C.V. and selling its global hydraulic cylinder manufacturing operations. These are the latest in a series of strategic moves aimed at sharpening Dana's focus on its core businesses - axles, driveshafts, structural components, sealing products, filtration products, industrial products, engine products, and leasing services.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.
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a) The Exhibits listed in the "Exhibit Index" are filed as a part of this report

b) Reports on Form 8-K.

The Company filed a Current Report on Form 8-K on July 22, 1997, to report that it had signed agreements with Eaton Corporation to sell its clutch business to Eaton and to purchase Eaton's axle and brake operations.

SIGNATURE

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

DANA CORPORATION

Date: August 4, 1997

/s/ John S. Simpson

John S. Simpson
Chief Financial Officer

Duly Authorized Officer and
Principal Financial Officer.

EXHIBIT INDEX

Exhibit	
10-E(2)	First Amendment to the Dana Corporation 1997 Stock Option Plan, dated February 10, 1997
10-G(2)	Second Amendment to the Dana Corporation Retirement Plan, effective June 1, 1996
10-H	Directors Retirement Plan, amended effective December 31, 1996
10-J(8)	Amendment No. 3 dated December 9, 1996, to the Employment Agreement between Registrant and Southwood J. Morcott. Substantially similar amendments were made to the Employment Agreements of Messrs. Hirsch, Magliochetti, and Strobel.
27	Financial Data Schedule

Exhibit 10-E(2)

RESOLVED, that the following language be added to the end of Section 14 of the Dana Corporation 1997 Stock Option Plan ("Plan"), effective February 10, 1997:

> "Notwithstanding anything in this Section 14 or elsewhere in the Plan to the contrary, that unless first approved by the holders of a majority of the total number of shares of Stock of the Corporation represented and voting at a shareholders meeting at which a quorum is present, the Committee shall not have the right to reprice (or cancel and regrant) an outstanding stock option at a lower exercise price."

RESOLVED, that the officers and employees of the Corporation are hereby authorized and directed to take any other steps, including the preparation and execution of the amendment referred to in the preceding Resolution, and to execute and deliver any other documents and to take any other actions that they deem necessary or advisable to carry out the purposes of the foregoing Resolution.

Exhibit 10-G(2)

6/1/97

SECOND AMENDMENT TO THE DANA CORPORATION RETIREMENT PLAN

In order to ensure that the eligibility provisions of the Dana Corporation Retirement Plan ("Plan") are properly administered, it is necessary to amend the Plan as follows, effective as of June 1, 1997.

1. Move and re-letter section 1.11C so that it becomes the new section 1.11G, and also move and re-letter section 1.11F so that it becomes the new section 1.11H, and re-letter the remaining lettered subparagraphs of section 1.11 accordingly.

2. Add the following new subparagraphs section 1.11I and section 1.11J, to read in their entirety as follows:

"I. an individual employed by an Employer pursuant to a contract or other agreement that specifies that the individual is not eligible to participate in the Plan; or

J. a common-law employee that an Employer mistakenly but in good faith classifies as other than a common-law employee. Any individual described in this paragraph J. shall be deemed to be an Employee as of the date on which the Employer reclassifies him as a common-law employee."

IN WITNESS WHEREOF, the Company has caused this Second Amendment to the Dana Corporation Retirement Plan to be executed this 27th day of May, 1997.

DANA CORPORATION

By: /s/ John S. Simpson

ATTEST:

/s/ Mark A. Smith, Jr.

Exhibit 10-H

12/31/96

DANA CORPORATION
DIRECTORS RETIREMENT PLAN

The objective of this Dana Corporation Directors Retirement Plan (hereinafter called "Plan") is to recognize the value of a Director's past service to the Dana Corporation (hereinafter called "Company"), to compensate for the availability of the Director's knowledge and experience as a resource to the Company, and to assist the Company in attracting and retaining new Directors.

To that end, the outside Directors of the Company shall be entitled to receive retirement benefits in the amounts and on the terms and conditions set forth in the following:

1. Except as otherwise provided in Paragraphs 3, 7, and 10 hereof, each outside Director who retires between February 18, 1985 and December 31, 1996 shall, upon his retirement from the Board after attaining age 65, be entitled to receive a monthly retirement payment in the amount hereinafter provided for, payable on the first day of each month commencing with the month following his retirement from the Board and continuing through the month in which his death shall occur, provided that no event shall the aggregate number of payments exceed the number of months he served as a Director of the Company. For purposes of this Plan, an "outside Director" shall be defined as a Director of the Company who is not an employee of the Company and who is not entitled, either before or after retirement from the Board, to receive employee pension benefits from the Company or from any of its subsidiaries. Notwithstanding

anything else in this Plan to the contrary, no benefits shall be payable to or accrued on behalf of a Director under this Plan unless the Director was eligible to receive benefits under this Plan and retired as a Director of the Company between February 18, 1985 and December 31, 1996.

2. The monthly retirement payment shall be in an amount equal to 1/12 of the product of 50% times the annual average of the fees and retainers (exclusive of any fees solely attributable to professional or other consulting services furnished to the Company independently of his service as a Director) payable to the Director by the Company (whether on a current or deferred payment basis) for his services as a member or chairman of the Board or any committee of the Board, including fees for attendance at any meeting of the Board or any committee thereof, during his last three full calendar years of service as a Director. All Plan benefits will be paid in cash.

3. Subject to the provisions of Paragraph 7 below, in order to be entitled to any retirement benefits under the Plan, a Director must not voluntarily terminate (whether by resignation or refusal to stand for re-election) his service as a Director of the Company for any reason (other than illness or other incapacity that ends his active business career), or be involuntarily terminated by reason of any failure of the stockholders to elect or re-elect the Director to the Board, or otherwise, prior to the Annual Shareholders Meeting immediately following his 65th birthday. If a Director voluntarily terminates, or has his service involuntarily terminated, as provided above, he shall not have any right to receive retirement benefits from the Company under this Plan unless the provisions of Paragraph 7 apply. An eligible Director who voluntarily terminates his service as a Director of the Company prior to such Annual Shareholders Meeting due to illness or other medical incapacity which ends his active business

career will be entitled to receive monthly retirement payments in the amount provided by Paragraph 2 above, for the number of months provided in Paragraph 1 above and commencing, however, on the first day of the month in which such Director so terminates his service.

(a) PRE-RETIREMENT SURVIVORS BENEFIT. If a Director dies prior to his retirement from the Board, his surviving spouse (if any) shall be entitled to receive a monthly survivors benefit equal to the monthly benefit which would have been payable to the Director had he retired on the day prior to his death. Such monthly survivors benefit shall be paid to the surviving spouse until the month in which her death shall occur, provided that in no event shall the aggregate number of such monthly survivor benefit payments exceed the number of months that the Director served on the Board of the Company. Solely for the purposes of this paragraph, a deceased Director will be deemed to have been eligible to receive a retirement benefit from the Plan even though he may not have obtained age 65 at the time of his death.

(b) POST-RETIREMENT SURVIVORS BENEFIT. In lieu of a Director's receiving monthly retirement benefit payments in the form and amount provided in Paragraphs 1 and 2, a Director may elect to receive a reduced benefit for his life, with a provision for a survivor's benefit payable to his spouse following the Director's death. In the event the Director elects to receive his monthly retirement benefit in the form of a post-retirement survivor annuity, he shall be entitled to receive the monthly benefits provided in Paragraph 1 for his life, and following his death, his spouse shall be entitled to receive any monthly retirement payments that remained payable to the Director at the time of his death. Such monthly survivors benefit shall be paid to the spouse until the month in which her death shall occur, provided that in no event shall the aggregate number of monthly benefit payments made to the Director and his spouse exceed the number of months that the Director served on the Board of the Company. The amount of benefits payable to the Director and his spouse pursuant to the election of a post-retirement survivor form of payment shall be determined by applying the mortality rates, interest assumptions and other factors prescribed by the Dana Corporation Retirement Plan that would be applicable to the Director had he elected a post-retirement joint and survivor form of payment under such Retirement Plan.

4. Neither the establishment of, nor the participation or eligibility for participation of any Director in this Plan, shall be construed to confer any right of tenure on the part of any Director or any right of nomination, renomination, election or re-election to the Board of Directors of the Company. The Company shall not incur any liability for any loss of benefits that might result under this Plan from any failure of the stockholders to elect or re-elect any Director to the Board of Directors or any failure of the Board of Directors to nominate any Director for re-election. Benefits payable under the Plan will not be funded by the Company, or be transferable or assignable by a Director, nor shall they be subject to encumbrance, pledge, hypothecation or set-off.

5. So long as he is receiving any retirement payments from the Company, each retired Director agrees that the Company may, in its annual report and other appropriate documents enumerating the Directors of the Company, include the retired Director with appropriate indication of his retired or emeritus status.

6. It is intended that this Plan will operate in addition to, and not as a replacement for, the Dana Corporation Directors Deferred Fee Plan, and Directors will still be permitted to defer all or a portion of their fees under the Directors Deferred Fee Plan without in any way reducing the benefits to which they are entitled under this Plan.

The establishment and operation of this Plan shall not affect in any way the Directors Deferred Fee Plan, which shall continue in effect in accordance with its terms as if this Plan had never been established.

7. This Plan shall be binding upon and inure to the benefit of the Company and any successor or assign of the Company, including, without limitation, any corporation or corporations acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise (and such successor or assign shall thereafter be deemed embraced within the term "Company" for the purposes of this Plan); provided that no assignment by the Company of any of its obligations under this Plan shall without the written consent of affected participants release the Company from its obligations hereunder.

(d) LUMP SUM PAYMENT. Under the occurrence of a "change in control of the Company", as hereinafter defined, then each Director, each retired Director, and each spouse of a deceased Director (collectively referred to as "Recipient") shall receive on account of future payments of any and all benefits accrued under the Plan, a Lump Sum Payment, so that each such Recipient will receive substantially the same amount of after-tax income as before the change in control, determined as set forth in subparagraph (c) below of this Paragraph 7. Solely for the purpose of calculating the benefit accrual of active outside Directors under the next preceding sentence, it is to be assumed that the Directors were entitled to, and did, retire under this Plan at the date of the change in control of the Company, with a deferred vested benefit commencing at age 65 for those Directors under age 65 and an immediate retirement annuity for older Directors. Such Lump Sum Payment shall be made irrespective of whether or not the Recipient shall, upon or after such change in control, voluntarily or involuntarily terminate his service as a Director of the Company. The Lump Sum Payment payable to such Recipient in such event shall be based on the annual average of the fees and retainers payable to the Director for his services during his last three full calendar years of service as a Director of the Company prior to the Lump Sum Payment pursuant to this Paragraph. The amount of each Lump Sum Payment shall be governed in all other respects by the provisions of this Plan as in effect on the date of such change in control. No provision of this Paragraph 7 is intended to reduce or duplicate any monthly retirement payment or payments to which any Recipient may be entitled under any provision of this Plan other than this Paragraph 7.

For the purposes of this Paragraph 7, the term "change in control of the Company" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 as in effect on the effective date of this Plan; provided that, without limitation, such a change in control shall be deemed to have occurred if and when (a) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) is or becomes a beneficial owner, directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities, or (b) during any period of 24 consecutive months, commencing before or after the effective date of this Plan, individuals who at the beginning of such 24 month period were Directors of the Company cease for any reason (other than death, disability or retirement in accordance with the Company's policy relating to retirement of Directors in effect on the effective date of this Plan) to constitute at least a majority of the Board of Directors of the Company. Notwithstanding anything to the contrary in this Plan, the term "person" referred to in clause (a) above of this Paragraph 7 shall not include within its meaning, and shall not be deemed to include, for any purpose of this Plan, any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company.

(b) CERTAIN MATTERS FOLLOWING A LUMP SUM PAYMENT. A Director who has received a Lump Sum Payment pursuant to subparagraph (a) of this Paragraph 7 shall, thereafter (i) while serving as a Director of the Company, continue to accrue benefits under the Plan, and (ii) be eligible to be paid further benefits under the Plan, after appropriate reduction in respect of the Lump Sum Payment previously received. For purposes of calculating such reduction, the Lump Sum Payment shall be accumulated with interest at the Specified Rate in effect from time to time for the period of time from initial payment date to the next date on which a computation is to be made (i.e., upon a change of control of the Company, retirement or other termination of employment). It shall then be converted to a straight-life annuity using the current annuity certain factor. The current annuity certain factor will be determined on the Net Specified Rate basis if this benefit payment is being made due to a subsequent change in control of the Company; otherwise, the Specified Rate shall be used.

(c) DETERMINATION OF LUMP SUM PAYMENT. The Lump Sum Payment referred to in subparagraph (a) of this Paragraph 7 shall be determined by multiplying the annuity certain factor (for monthly payments at the beginning of each month) based on the Life Expectancy of the Director (but not longer than the number of months he served as a Director of the Company) and the Net Specified Rate by the monthly benefit to be paid to the Director under the Plan.

(d) DEFINITIONS. The following terms shall have the meaning hereinafter set forth:

(i) "Life Expectancy" shall mean the expected remaining lifetime (to the nearest integer) based on the Mortality Table and the age nearest birthday of the Director at the date the Lump Sum Payment is made.

(ii) "Lump Sum Payment" shall be determined as set forth in subparagraph (c) above of this Paragraph 7.

(iii) "Mortality Table" shall mean the UP-1984 Table (or such other pensioner annuity mortality table as the Company with the written consent of the Director shall determine).

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

(v) "Specified Rate" shall mean the interest rate for immediate annuities of the Pension Benefit Guaranty Corporation (PBGC) in effect on the date of payment of the Lump Sum Payment as set forth in Appendix B to Part 2619 of 29 Code of Federal Regulations or such successor to such Appendix B as may be in effect on such date.

8. This Plan shall be administered by the Advisory Committee of the Board of Directors. The Advisory Committee of the Board of Directors shall have the power to interpret the Plan and to decide any and all matters arising hereunder; including but not limited to the right to remedy possible ambiguities, inconsistencies or omissions by

general rule or particular decision; provided, that all such interpretations and decisions shall be applied in a uniform and nondiscriminatory manner to all participants similarly situated. In addition, any interpretations and decisions made by the Advisory Committee of the Board of Directors shall be final, conclusive and binding upon all persons who have or who claim to have any interest in or under the Plan.

9. The obligation of the Company to make or continue payments under this Plan shall be subject to the condition that the Director or former Director shall not engage, either directly or indirectly, in any activity which is competitive with any activity of the Company, it being understood that in the event of a breach by the Director or former Director of the foregoing condition, the Company shall not be obligated to make any payment or payments hereunder coming due subsequent to the occurrence of such breach. The Advisory Committee of the Board of Directors, upon prior written request of a Director or former Director, may waive the condition specified above with respect to non-competition if, based upon all of the relevant circumstances, in the sole judgment of the Committee, the granting of such waiver is justified.

10. The Company shall have the right, through its Board of Directors, at any time to amend or terminate this Plan, provided that any amendment or termination of the Plan shall be prospective in operation only and shall not adversely affect any rights of any Director to receive retirement payments on account of his service as a Director prior to such time unless he shall expressly consent thereto.

Pursuant to Resolutions of the Board of Directors adopted on February 10, 1997, the Board has terminated the Plan effective December 31, 1996 with respect to any current or future outside Director who was not receiving retirement benefit distributions from the Plan on December 31, 1996. Retired Directors (or their beneficiaries) who are currently receiving distributions from the Plan will continue to be eligible to receive distributions in accordance with the terms of the Plan as in effect on December 30, 1996. The Plan will terminate on December 31, 1996 with respect to Directors who, as of that date, were not currently receiving benefit distributions under the Plan, and such Directors will have no right to receive a benefit from the Plan following their retirement from the Board or other termination of service from the Company.

11. This Dana Corporation Directors Retirement Plan became effective on February 18, 1985, and shall cover retirements from the Board between that date and December 31, 1996.

Exhibit 10-J(8)

12/9/96

AMENDMENT NO. 3 DATED DECEMBER 9, 1996
TO AGREEMENT DATED DECEMBER 14, 1992
BETWEEN DANA CORPORATION AND SOUTHWOOD J. MORCOTT

WHEREAS, the parties have entered into an agreement dated December 14, 1992 (the "Agreement"); and

WHEREAS, the parties have agreed to make an amendment to the Agreement;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration from each party to the other, it is hereby mutually agreed by the parties that, effective December 9, 1996:

1. Amend Section 3(b) to read in its entirety as follows:

"(b) ADDITIONAL COMPENSATION. So long as the Executive is employed by the Corporation, he shall be eligible to receive (i) annual short-term incentive awards or bonuses and (ii) such long-term incentive awards or bonuses as relate to award cycles that commenced prior to 1992 (such award or bonus is hereinafter referred to as "Short-Term Award" or "Long-Term Award" and such aggregate awards or bonuses for each year are hereinafter referred to as the "Annual Bonus") from the Dana Corporation Additional Compensation Plan, and from any successor or replacement plan (the Dana Corporation Additional Compensation Plan and such successor or replacement plans being referred to herein collectively as the "ACP"), in accordance with the terms thereof; PROVIDED, HOWEVER, that, with respect to each fiscal year of the Corporation ending during the Change of Control Period, the Executive shall be awarded (whether under the terms of the ACP or otherwise) an Annual Bonus in an amount that shall not be less than fifty percent (50%) of his Annual Base Salary rate in effect on the last day of such fiscal year (which amount shall be prorated if such fiscal year shall be less than 12 months) (the "Target Annual Bonus"). Each Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the receipt of such Annual Bonus is deferred in accordance with the terms of the ACP."

Except as hereinabove amended, all provisions of the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of December 9, 1996.

DANA CORPORATION

By: /s/ Martin J. Strobel

Secretary

By: /s/ T.B. Sumner

Chairman-Compensation Committee

ATTEST:

/s/ Martin J. Strobel
- -------------------------------
Secretary

By: /s/ S.J. Morcott

Southwood J. Morcott

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