[DANA LOGO]

UNITED STATES
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, 1998 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 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, $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 X 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 19, 1999, was approximately $6,536,842,000.

The number of shares of registrant's Common Stock, $1 Par Value, outstanding at February 19, 1999, was 165,809,476 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Where Incorporated
1. Proxy Statement for Annual Meeting of Shareholders to be held on April 7, 1999.	Part III
2. Annual Report to Shareholders for year ended December 31, 1998.	Parts I, II, IV

The Exhibit Index is located at pages 19-21 of the sequential numbering system.

INDEX

DANA CORPORATION - FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 1998

PART I

ITEM 1 - BUSINESS

Dana Corporation was incorporated in 1905. Today, we are one of the world's largest independent suppliers to original equipment (OE) vehicle manufacturers and the related aftermarkets. We produce the types of components and systems used on more than 95% of the world's 700 million motor vehicles. We also own Dana Credit Corporation (DCC), a leading provider of leasing services in selected markets.

Our operations are organized into seven market-focused Strategic Business Units (SBUs) as follows:

- Automotive Systems Group (ASG) -- This group serves the world's light truck and passenger car markets with light duty axles and driveshafts, structural products (such as engine cradles and frames), transfer cases, original equipment brakes and integrated modules and systems. The group has 82 facilities and 21,100 people in 20 countries. In 1998, its sales were $4.3 billion and its three largest customers were DaimlerChrysler AG, Ford Motor Company and General Motors Corporation.

- Automotive Aftermarket Group (AAG) -- Created in 1998 as one of our strategic initiatives to realign our operations following our merger with Echlin, this group sells hydraulic brake components and disc brakes for light vehicle applications, external engine components for the vehicle maintenance and repair markets and a complete line of filtration products for a variety of vehicle and industrial equipment applications worldwide. In addition, it sells electrical, brake, power transmission, steering and suspension system components in the United Kingdom and continental Europe. The group has 175 facilities and 27,000 people in 24 countries. In 1998, its sales were $2.8 billion and its three largest customers were National Automotive Parts Association (NAPA), Carquest Corporation and Pep Boys Manny Moe & Jack.

- Engine Systems Group (ESG) -- This group serves the automotive, heavy truck, agricultural, construction, mining, aeronautical, marine, railway, motorcycle and industrial markets (including nearly every major engine manufacturer in the world and related aftermarkets) with sealing products, engine parts, piston rings, cylinder liners and camshafts and fluid system products. The group has 116 facilities and 20,500 people in 19 countries. In 1998, its sales were $2.0 billion and its three largest customers were Ford, GM and DaimlerChrysler.

- Heavy Truck Group (HTG) -- This group, a major global supplier to the medium and heavy truck markets, produces heavy axles and brakes, trailer products, medium and heavy duty driveshafts and power take-off units and commercial vehicle systems. It also assembles modules and systems for heavy trucks. The group has 47 facilities and 6,500 people in 9 countries. In 1998, its sales were $1.6 billion and its three largest customers were Mack Trucks, Inc., PACCAR Inc and Navistar International Transportation Corp.

- Off-Highway Systems Group (OHSG) -- This group produces axles and brakes, transaxles, power-shift transmissions, torque converters and electronic controls and hydraulic pumps, motors, valves, filters and electronic components for the construction, agriculture, mining, specialty chassis, outdoor power, materials handling, forestry and leisure utility equipment markets. The group has 18 facilities and 4,500 people in 8 countries. In 1998, its sales were nearly $900 million and its three largest customers were Agco Corporation, Caterpillar Inc. and Case Corporation.

- Industrial Group (IG) -- Our most diverse core business, this group sells products and systems that drive and control motion, including clutches, brakes, linear actuators, motors and controls, hose products, couplings and a wide range of electric and electronic sensors. The group serves worldwide markets for industrial machinery processing equipment, machine tools and business machines, as well as the communication, information processing, transportation, agriculture, construction, mining, chemical, petroleum and automotive industries. The group has 47 facilities and 6,000 people in 16 countries. In 1998, its sales were over $700 million and its three largest customers were Ford, NAPA and Motion Industries, Inc.

- Leasing Services -- DCC and its subsidiaries provide leasing services to selected markets in the U.S., Canada, the United Kingdom and continental Europe. DCC's key products are middle ticket and capital markets leasing and finance products and asset and real property management.

In July 1998, we merged one of our subsidiaries with Echlin Inc., another worldwide supplier of automotive products. The Echlin merger was one of a series of steps we have taken in the past two years to focus on and strengthen our core products and businesses. During that period, we completed strategic acquisitions of operations with annualized sales of more than $5.3 billion, including Echlin and:

- the Clark-Hurth Components assets of Ingersoll-Rand Company in February 1997
- the Sealed Power Division of SPX Corporation in February 1997
- the heavy axle and brake business of Eaton Corporation in January 1998
- the Glacier Vandervell Bearings Group and the AE Clevite North American aftermarket engine hard parts business from Federal-Mogul Corporation in December 1998

We also completed significant restructuring and rationalization programs, including the sale of our European distribution operations, DCC's Technology Leasing Group portfolio and other operations not core to our business.

You can find more information in "Note 16. Business Segments" on pages 34 - 36, "Note 21. Acquisitions" on page 38 and "Note 22. Divestitures" on page 39 of our 1998 Annual Report.

GEOGRAPHICAL AREAS

We maintain administrative organizations in four regions - North America, Europe, South America and Asia/Pacific - to facilitate financial and statutory reporting and tax compliance on a worldwide basis and to support the seven SBUs.

Our operations are located in the following countries:

North America	Europe		South America	Asia/Pacific	
Canada	Austria	Netherlands	Argentina	Australia	South Korea
Mexico	Belgium	Russia	Brazil	China	Taiwan
United States	France	Poland	Colombia	Japan	Thailand
	Germany	Spain	South Africa	Malaysia	New Zealand
	India	Sweden	Uruguay	Singapore	
	Ireland	Switzerland	Venezuela		
	Italy	United Kingdom			

Our non-U.S. subsidiaries and affiliates manufacture and sell a number of vehicular and industrial products similar to those produced in the U.S. In addition to normal business risks, operations outside the U.S. are subject to others such as changing political, economic and social environments, changing governmental laws and regulations, currency revaluations and market fluctuations.

Consolidated non-U.S. sales were $3.7 billion, or 30% of our 1998 sales. Including U.S. exports of $756 million, non-U.S. sales accounted for 36% of 1998 consolidated sales. Non-U.S. net income was $181 million, or 34% of consolidated 1998 net income. In addition, there was $30 million of equity in earnings of non-U.S. affiliates in 1998.

You can find more information in "Note 7. Non-U.S. Operations" on page 29 and "Note 16. Business Segments" on pages 34 - 36 of our 1998 Annual Report.

CUSTOMER DEPENDENCE

We have thousands of customers around the world and have developed long-standing business relationships with many of these customers. Our attention to quality, delivery and service has been recognized by numerous customers who have awarded us supplier quality awards. Ford and DaimlerChrysler were the only customers accounting for more than 10% of our consolidated sales in 1998. We have been supplying products to these companies and their subsidiaries for many years. Sales to Ford, as a percentage of sales, were 14%, 15% and 15% in 1996, 1997 and 1998, and sales to DaimlerChrysler were 11%, 11% and 13% in those years. Loss of all or a substantial portion of our sales to Ford, DaimlerChrysler or other large volume customers would have a significant adverse effect on our financial results until this lost sales volume could be replaced. There would be no assurance, in such event, when or if the lost volume would be replaced.

PRODUCTS

As a result of our internal development and acquisition activities in the past several years, we now have ten core products and services. During the past three years, our sales by core product were as follows:

	Percentage of Consolidated Sales		
Type of Products	1996	1997	1998
Axle	24%	25%	32%
Engine	10	10	10
Brake	9	10	10
Driveshaft	9	9	9
Fluid System	6	7	7
Structural	6	7	6
Industrial	7	6	6
Sealing	5	5	5
Filtration	4	4	4
	80	83	89
Other Products	20	17	11
	100%	100%	100%

We do not consider our leasing service revenue to be sales and none of our other products are core or account for 10% of sales.

MATERIAL SOURCE AND SUPPLY

Most raw materials (such as steel) and semi-processed or finished items (such as forgings and castings) are purchased from long-term suppliers located within the geographic regions of our operating units. Generally, these materials are available from numerous sources in quantities that we need. Temporary shortages of a particular material or part occasionally occur, but we do not consider the overall availability of materials to be a significant risk factor.

SEASONALITY

Our businesses are not seasonal. However, sales to our OE vehicular customers are closely related to the vehicle manufacturers' production schedules.

BACKLOG

Generally, our products are not on a backlog status. They are produced from readily available materials and have a relatively short manufacturing cycle. Each operating unit maintains its own inventories and production schedules and many of our products are available from more than one facility. We believe that our production capacity is adequate to handle current requirements and we regularly review anticipated growth in our product lines to determine when additional capacity may be needed.

COMPETITION

We compete worldwide with a number of other manufacturers and distributors which produce and sell similar products. These competitors include vertically-integrated units of our major OE customers and a number of independent U.S. and non-U.S. suppliers. Our traditional U.S. OE customers, facing substantial foreign competition, have expanded their worldwide sourcing of components to better compete with lower cost imports. In addition, these customers have been shifting research and development, design and validation responsibilities to their Tier 1 suppliers, focusing on stronger relationships with fewer suppliers. We have established operations throughout the world to enable us to meet these competitive challenges and be a strong global supplier of our core products.

In the area of leasing services, we compete in selected markets with various international, national and regional leasing and finance organizations.

STRATEGY

We are actively pursuing two broad strategies, focused around our seven customer and market-focused, global SBUs. Both strategies are intended to reduce the effects of economic and market cyclicality.

The first strategy is to diversify our products and reduce our dependence on highway vehicle OE production. Our long-term goal is to obtain 50% of sales from the highway vehicle OE customers and 50% from distribution, off-highway, service and industrial markets. In 1998, highway vehicle OE sales were 56% of our total and distribution, off-highway, service and industrial sales were 44%. We continue to expand our off-highway and distribution businesses by increasing market penetration and broadening our product offerings through internal growth and acquisition.

The second strategy is to balance our U.S. and non-U.S. sales, including sales of our non-consolidated affiliates. We have well-defined regional organizations in North America, South America, Europe and Asia/Pacific in support of this initiative. In 1998, non-U.S. sales, including exports from the U.S. and sales of our non-consolidated affiliates, were 41% of gross (consolidated and non-consolidated) sales. Our long-term goal is to derive 50% of our sales (including exports) from customers outside the U.S. To accomplish this objective, we are focusing on meeting our OE customers' needs in the local markets in which they operate, through exports and by locating manufacturing or assembly facilities where key customers have assembly plants.

As part of the continuing efforts to focus on our core businesses, in 1998 we announced or completed four divestitures of businesses with annual sales of nearly $470 million. We also completed the acquisitions of businesses with annual sales of over $4.7 billion, including those described in Item 1. You can find more information in "Note 21. Acquisitions" on page 38 and "Note 22. Divestitures" on page 39 of our 1998 Annual Report.

PATENTS AND TRADEMARKS

Our 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 we serve. Throughout these product lines, we manufacture and sell our products under a number of patents and licenses which have been obtained over a period of years and expire at various times. We consider each of them to be of value and aggressively protect our rights throughout the world against infringement. Because we are involved with many product lines, the loss or expiration of any particular patent or license would not materially affect our sales and profits.

We own numerous trademarks which are registered in many countries, enabling us to market our products worldwide. Our Spicer(R), Parish(R), Perfect Circle(R), Victor Reinz(R), Wix(R), Weatherhead(R), Warner Electric(R), Boston(R), Raybestos(R), Aimco(R), Clevite(R), Glacier(R) and Vandervell(R) trademarks, among others, are widely recognized in their respective industries.

RESEARCH AND DEVELOPMENT

Our objective is to be the leader in superior quality, technologically advanced products and systems for our vehicular and industrial customers offered at competitive prices. To enhance quality and reduce costs, we use statistical process control, cellular manufacturing, flexible regional production and assembly, global sourcing and extensive employee training.

In addition, we engage in ongoing engineering, research and development activities to improve the reliability, performance and cost-effectiveness of existing products and to design and develop new products for existing and new applications. Our spending on engineering, research and development and quality control programs was $212 million in 1996, $248 million in 1997 and $275 million in 1998.

EMPLOYMENT

Our worldwide employment (including consolidated subsidiaries) was approximately 86,400 at December 31, 1998.

ENVIRONMENTAL COMPLIANCE

We make capital expenditures in the normal course of business as necessary to ensure that our facilities are in compliance with applicable environmental laws and regulations. Costs of environmental compliance did not have a materially adverse effect on our capital expenditures, earnings or competitive position in 1998, and we do not anticipate that future environmental compliance costs will be material. You can find more information in "Environmental Compliance and Remediation" under "Note 1. Summary of Significant Accounting Policies" on page 27 of our 1998 Annual Report.

EXECUTIVE OFFICERS OF THE REGISTRANT

This table contains information about our current executive officers. Unless otherwise indicated, all positions are with Dana. The first five officers listed are members of Dana's Policy Committee.

Name and Age	Present Position(s)	Other Positions During Past 5 Years
S. J. Morcott (60)	Chairman of the Board of Directors since 1990	Chief Executive Officer, 1989-99; Chief Operating Officer, 1986-97; President, 1986-95; Chairman of the Board of Hayes-Dana Inc., 1987-95 (1)
J. M. Magliochetti (56)	Chief Executive Officer since February 8, 1999; Chief Operating Officer since 1997; Director and President since 1996	President - Dana North American Operations, 1992-95
J. S. Simpson (57)	Executive Vice President since 1998; Chief Financial Officer since 1997	Vice President of Finance, 1996-98; Treasurer, 1996-97; President - Dana Asia Pacific Operations, 1992-95
W. J. Carroll (54)	President - Automotive Systems Group since 1997	President - Diversified Products & Distribution, 1996-97; President - Dana Distribution Service Group, 1995-97; President - DTF Trucking, 1985-97; Chairman of the Board of Dana Canada Inc., 1995-97(1); President of Dana Canada Inc., 1993-97
M. A. Franklin, III (51)	President - Dana International since 1997	President - Dana Europe, 1993-97
R. L. Clayton (38)	President - Heavy Truck Group since 1998	Vice President - Heavy Truck Group, 1997-98; Vice President and General Manager - Spicer Heavy Axle & Brake Division, 1996-97; General Manager - Spicer Clutch Division, 1995-96; Director of Planning and Development - Reinz-Dichtungs GmbH, 1993-95 (2)
B. N. Cole (56)	President - Off-Highway Systems Group since 1997	President - Structural Components Group, 1995-97; Vice President - Heavy Vehicle - Dana North American Operations, 1991-95
C. F. Heine (46)	President - Engine Systems Group since 1998	President - Dana Asia Pacific, 1996-98; Vice President - Asia Pacific Operations, 1995; General Manager - Spicer Off-Highway Axle Division, 1993-94
C. W. Hinde (60)	Vice President and Chief Accounting Officer since 1992; Assistant Treasurer since 1986	
L. W. McCurdy (63)	President - Automotive Aftermarket Group since 1998	Chairman, President and Chief Executive Officer of Echlin Inc., 1997-98; Executive Vice President - Automotive, Cooper Industries, 1994-97

Name and Age	Present Position(s)	Other Positions During Past 5 Years
W. L. Myers (58)	President - Automotive Axle Products since 1997	President - Spicer Driveshaft Group, 1995-97; Vice President and General Manager - Spicer Driveshaft Division, 1986-95
M. A. Plumley (48)	President - Industrial Group since 1998	Vice President - Industrial Group, 1997-98; Group Vice President - Dana Industrial, 1996-97; General Manager - Plumley Companies, Inc., 1995-96; Chairman and Chief Executive Officer - Plumley Companies, Inc., 1988-95 (3)
R. C. Richter (47)	Vice President - Finance and Administration since 1998	Vice President - Administration, 1997-98; General Manager - Perfect Circle Sealed Power Europe, 1997; Vice President and General Manager - Perfect Circle Europe, 1994-97; Dana Corporate Controller, 1989-94; Dana Vice President - Administration, 1987-94
E. J. Shultz (54)	Chairman and President - Dana Credit Corporation since 1995	President - Lease Financing, 1994-95; President - Financial Services, 1990-94
M. J. Strobel (58)	Vice President since 1976; General Counsel since 1970; Secretary since 1982	
J. H. Woodward, Jr. (46)	Vice President and Corporate Controller since 1996	Controller - Dana North American Operations, 1994-96; Division Controller - Spicer Heavy Axle & Brake Division, 1992-94

Notes:

(1) Hayes-Dana Inc., formerly a majority-owned Dana subsidiary located in Canada, is now a wholly-owned subsidiary and has been renamed Dana Canada Inc.

(2) Reinz-Dichtungs GmbH is a wholly-owned Dana subsidiary located in Germany.

(3) Plumley Companies, Inc., formerly a wholly-owned Dana subsidiary located in the U.S., is now a Dana division.

Those officers who are designated in Dana's By-Laws are elected by the Board annually at its first meeting after the Annual Meeting of Shareholders. The others are appointed by the Board from time to time. None of the officers has a family relationship with any other Dana officer or director or an arrangement or understanding with any Dana officer or other person pursuant to which he was elected as an officer.

ITEM 2 - PROPERTIES

As shown in the following table, we have over 500 manufacturing, distribution and service branch or office facilities worldwide. We own the majority of our manufacturing and larger distribution facilities for our vehicular and industrial products. We lease a few manufacturing facilities and most of our smaller distribution outlets and financial services branches and offices.

Dana Facilities by Geographic Region

Type of Facility	North America	Europe	South America	Asia/ Pacific	Total
Manufacturing	189	79	37	7	312
Distribution	59	22	13	20	114
Service Branches, Offices	55	10	6	8	79
Total	303	111	56	35	505

ITEM 3 - LEGAL PROCEEDINGS

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

The Securities and Exchange Commission requires us to report certain environmental proceedings involving governmental agencies. There is currently one such proceeding. In the Matter of Dana Corporation is an Administrative Complaint brought by the U.S. Environmental Protection Agency, Region V (USEPA) on September 30, 1998, alleging periodic violations of discharge limits of certain metals in the waste water at our plant on Sanford Street in Muskegon, Michigan. The Complaint alleges that such discharges occurred from 1993 to 1995 in violation of the Clean Water Act. USEPA initially proposed a fine of $125,000, but has now agreed to a fine of $92,000, which will be further reduced if we complete an acceptable Supplemental Environmental Project at the plant.

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

- None -

PART II

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

Our common stock is listed on the New York, Pacific, and London Stock Exchanges. On February 19, 1999, there were 34,544 shareholders of record.

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

You can find more information in "Shareholders' Investment" under "Additional Information" on page 50 of our 1998 Annual Report.

ITEM 6 - SELECTED FINANCIAL DATA

You can find "Financial Highlights" under "Eleven Year History" on page 51 of our 1998 Annual Report.

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

You can find "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 40 - 46 of our 1998 Annual Report.

ITEM 7(A) - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

You can find information in "Financial Instruments," "Derivative Financial Instruments" and "Marketable Securities" under "Note 1. Summary of Significant Accounting Policies" on pages 27 and 28, in "Note 7. Non-U.S. Operations" on page 29, in "Note 11. Interest Rate Agreements" on page 31 and in "Note 19. Fair Value of Financial Instruments" on page 37 of our 1998 Annual Report.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

You can find the financial statements and the report by PricewaterhouseCoopers LLP dated January 25, 1999, on pages 21 - 39 and "Unaudited Quarterly Financial Information" under "Shareholders' Investment" on page 50 of our 1998 Annual Report.

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

You can find general information about our directors and executive officers in Part I, Item 1 of this Form 10-K and under "Election of Directors" in our 1999 Proxy Statement.

You can find information about the filing of reports by our directors, officers and 10% stockholders under Section 16(a) of the Securities Exchange Act of 1934 under "Section 16(a) Beneficial Ownership Reporting Compliance" in our 1999 Proxy Statement.

ITEM 11 - EXECUTIVE COMPENSATION

You can find information about executive compensation in the following sections of our 1999 Proxy Statement: "Compensation" under "The Board and its Committees," "Executive Compensation" and "Compensation Committee Report on Executive Compensation."

You can find information about our stock performance under "Comparison of Five-Year Cumulative Total Return" in our 1999 Proxy Statement.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

You can find information about the stock ownership of our directors, officers and 5% stockholders under "Stock Ownership" in our Proxy Statement.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

You can find information about transactions between Dana and our directors, officers and 5% stockholders under "Other Transactions" and "Transactions with Management" in our 1999 Proxy Statement.

PART IV

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

(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, 1999 appearing on page 21 of the 1998 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 15 through 17 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.

PricewaterhouseCoopers LLP

Toledo, Ohio
January 25, 1999

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, 1996	$30,018,000	$15,866,000	$(13,930,000)	$ 33,000	$31,987,000
December 31, 1997	$31,987,000	$13,880,000	$(12,479,000)	$ 554,000	$33,942,000
December 31, 1998	$33,942,000	$20,694,000	$(16,698,000)	$ 2,516,000	$40,454,000

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	Trade accounts receivable "written off" net of recoveries	Adjustment arising from change in currency exchange rates and other items(1)	Balance at end of period
Year ended-					
December 31, 1996	$47,425,000	$12,349,000	$ (9,299,000)	$ 350,000	$50,825,000
December 31, 1997	$50,825,000	$12,141,000	$ (9,851,000)	$ (462,000)	$52,653,000
December 31, 1998	$52,653,000	$20,117,000	$ (10,561,000)	$(29,537,000)	$32,672,000

(1) Other items in 1998 include $(28,889,000) from the sale of the Technology Leasing Group portfolio.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

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

VALUATION ALLOWANCE FOR DEFERRED TAX ASSETS

	Balance at beginning of period	Additions charged to income	Amounts "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, 1996	---------	$ 4,800,000	-----------	------------	$ 4,800,000
December 31, 1997	$ 4,800,000	$30,400,000	$ (4,800,000)	------------	$30,400,000
December 31, 1998	$30,400,000	$28,800,000	-----------	------------	$59,200,000

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

We are a party to various legal proceedings (judicial and administrative) arising in the normal course of business, including proceedings which involve environmental and product liability claims. You can find additional information in "Note 20. Commitments and Contingencies" on page 38 of our 1998 Annual Report.

With respect to environmental claims, we are 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 we have been named as a potentially responsible party. You can find more information in "Environmental Compliance and Remediation" under "Note 1. Summary of Significant Accounting Policies" on page 27 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 40 - 46 of our 1998 Annual Report.

With respect to product liability claims, from time to time, we are named in proceedings involving alleged defects in our products. Such proceedings currently include a large number of claims (most of which are for relatively small damage amounts) based on alleged asbestos-related personal injuries. At December 31, 1998, approximately 48,000 such claims were outstanding, of which approximately 33,000 were subject to pending settlement agreements. We have agreements with our insurance carriers providing for the payment of substantially all of the indemnity costs and the legal and administrative expenses for these claims. We are also a party to a small number of asbestos-related property damage proceedings. Our insurance carriers are paying the major portion of the defense costs in connection with these cases and we have incurred minimal indemnity costs to date.

EXHIBIT INDEX

No.	Description	Method of Filing
3-A	Restated Articles of Incorporation	Filed by reference to Exhibit 3-A to Dana's Form 10-Q for the quarter ended June 30, 1998
3-B	By-Laws, effective April 7, 1999	Filed with this Report
4-A	Specimen Single Denomination Stock Certificate	Filed by reference to Exhibit 4-B to Dana's Registration Statement No. 333-18403 filed December 20, 1996
4-B	Rights Agreement, dated as of April 25, 1996, between Dana and ChemicalMellon Shareholder Services, L.L.C., Rights Agent	Filed by reference to Exhibit 1 to Dana's Form 8-A filed May 1, 1996
4-C	Indenture for Senior Securities between Dana and Citibank, N.A., Trustee, dated as of December 15, 1997	Filed by reference to Exhibit 4-B of Dana's Registration Statement No. 333-42239 filed December 15, 1997
4-D	First Supplemental Indenture between Dana, as Issuer, and Citibank,N.A., Trustee, dated as of March 11, 1998	Filed by reference to Exhibit 4-B-1 to Dana's Report on Form 8-K dated March 12, 1998
4-E	Form of 6.5% Notes due March 15, 2008 and 7.00% Notes due March 15, 2028	Included in Exhibit 4-D and filed by reference to Exhibit 4-C-1 to Dana's Report on Form 8-K dated March 12, 1998
10-A	Additional Compensation Plan	Filed by reference to Exhibit A to Dana's Proxy Statement for its Annual Meeting on April 5, 1995
10-A(1)	First Amendment to Additional Compensation Plan	Filed by reference to Exhibit 10-A(1) to Dana's Form 10-Q for the quarter ended June 30, 1995
10-A(2)	Second Amendment to Additional Compensation Plan	Filed by reference to Exhibit 10-A(2) to Dana's Form 10-K for the year ended December 31, 1995
10-A(3)	Third Amendment to Additional Compensation Plan	Filed by reference to Exhibit 10-A(3) to Dana's Form 10-K for the year ended December 31, 1996
10-A(4)	Fourth Amendment to Additional Compensation Plan	Filed by reference to Exhibit 10-A(4) to Dana's Form 10-Q for the quarter ended March 31, 1998
10-E	1997 Stock Option Plan	Filed by reference to Exhibit A to Dana's Proxy Statement for its Annual Meeting on April 2, 1997
10-E(1)	First Amendment to 1997 Stock Option Plan	Filed by reference to Exhibit 10-E(1) to Dana's Form 10-Q for the quarter ended June 30, 1997
10-E(2)	Second Amendment to 1997 Stock Option Plan	Filed by reference to Exhibit 10-E(2) to Dana's Form 10-K for year ended December 31, 1997

10-E(3)	Third Amendment to 1997 Stock Option Plan	Filed by reference to Exhibit 10-E(3) to Dana's Form 10-Q for the quarter ended March 31, 1998
10-E(4)	Fourth Amendment to 1997 Stock Option Plan	Filed with this Report
10-F	Excess Benefits Plan	Filed with this Report
10-H	Directors Retirement Plan	Filed by reference to Exhibit 10-H to Dana's Form 10-Q for the quarter ended June 30, 1998
10-I	Director Deferred Fee Plan	Filed by reference to Exhibit B to Dana's Proxy Statement for its Annual Meeting on April 2, 1997
10-I(1)	First Amendment to Director Deferred Fee Plan	Filed by reference to Exhibit 10-I(1) to Dana's Form 10-Q for the quarter ended March 31, 1998
10-I(2)	Second Amendment to Director Deferred Fee Plan	Filed with this Report
10-J(1)	Employment Agreement between Dana and S.J. Morcott	Filed by reference to Exhibit 10-J(1) to Dana's Form 10-K for the year ended December 31, 1997
10-J(2)	Employment Agreement between Dana and J.M. Magliochetti	Filed by reference to Exhibit 10-J(2) to Dana's Form 10-K for the year ended December 31, 1997
10-J(3)	Employment Agreement between Dana and M.J. Strobel	Filed by reference to Exhibit 10-J(3) to Dana's Form 10-K for the year ended December 31, 1997
10-J(4)	Change of Control Agreement between Dana and W. J. Carroll. There are substantially similar agreements with B.N. Cole, M.A. Franklin, W.L. Myers, R.C. Richter, E.J. Shultz, and J.S. Simpson	Filed by reference to Exhibit 10-J(4) to Dana's Form 10-K for the year ended December 31, 1997
10-J(5)	Collateral Assignment Split-Dollar Insurance Agreement for Universal Life Policies between Dana and S.J. Morcott. There are substantially similar agreements with J.M. Magliochetti and M.J. Strobel	Filed by reference to Exhibit 10-J(13) to Dana's Form 10-K for the year ended December 31, 1992
10-J(6)	Severance and Indemnification Agreement between Dana and L.W. McCurdy	Filed by reference to Exhibit 13 to Schedule 14D-9 (Amendment No. 1) filed by Echlin Inc. on May 5, 1998
10-K	Supplemental Benefits Plan	Filed with this Report
10-L(1)	1989 Restricted Stock Plan	Filed by reference to Exhibit A of Dana's Proxy Statement for its Annual Meeting on April 5, 1989
10-L(2)	First Amendment to 1989 Restricted Stock Plan	Filed by reference to Exhibit 10-L(2) to Dana's Form 10-K for the year ended December 31, 1993
10-L(3)	Second Amendment to 1989 Restricted Stock Plan	Filed by reference to Exhibit 10-L(3) to Dana's Form 10-K for the year ended December 31, 1993

10-L(4)	Third Amendment to 1989 Restricted Stock Plan	Filed by reference to Exhibit 10-L(4) to Dana's Form 10-K for the year ended December 31, 1996
10-L(5)	Fourth Amendment to 1989 Restricted Stock Plan	Filed by reference to Exhibit 10-L(5) to Dana's Form 10-K for the year ended December 31, 1997
10-M	1998 Directors' Stock Option Plan	Filed by reference to Exhibit A to Dana's Proxy Statement for its Annual Meeting on April 1, 1998
10-N	Supplementary Bonus Plan	Filed by reference to Exhibit 10-N to Dana's Form 10-Q for the quarter ended June 30, 1995
13	The following sections of Dana's 1998 Annual Report to Shareholders, located on the pages indicated:	Filed with this Report
	"Financial Focus," "Financial Statements" and "Management and Independent Accountants' Report" on pages 20 - 39	
	"Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 40 - 46 (excluding the charts on these pages)	
	"Additional Information - Shareholders' Investment" on page 50	
	"Unaudited Quarterly Financial Information" on page 50	
	"Eleven Year History - Financial Highlights" on page 51	
21	List of Subsidiaries of Dana	Filed with this Report
23	Consent of PricewaterhouseCoopers LLP	Filed with this Report
24	Power of Attorney	Filed with this Report
27	Financial Data Schedules	Filed with this Report

Note: Exhibit Nos. 10-A through 10-N are exhibits required to be filed pursuant to Item 14(c) of Form 10-K.

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: February 24, 1999 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: February 24, 1999 /S/ Southwood J. Morcott
Southwood J. Morcott, Chairman of the Board

Date: February 24, 1999 /S/ Joseph M. Magliochetti
Joseph M. Magliochetti, Director and Chief Executive Officer

Date: February 24, 1999 * /S/ John S. Simpson
John S. Simpson, Chief Financial Officer

Date: February 24, 1999 /S/ Charles W. Hinde
Charles W. Hinde, Chief Accounting Officer

Date: February 24, 1999 * /S/ B.F. Bailar
B.F. Bailar, Director

Date: February 24, 1999 * /S/ A.C. Baillie
A.C. Baillie, Director

Date: February 24, 1999 * /S/ E.M. Carpenter
E.M. Carpenter, Director

Date: February 24, 1999 * /S/ E. Clark
E. Clark, Director

Date: February 24, 1999 * /S/ G.H. Hiner
G.H. Hiner, Director

Date: February 24, 1999 * /S/ M.R. Marks
M. R. Marks, Director

Date: February 24, 1999 * /S/ R.B. Priory
R. B. Priory, Director

SIGNATURES (Continued)

Date: February 24, 1999	* /S/ J.D. Stevenson
	J. D. Stevenson, Director
Date: February 24, 1999	* /S/ T.B. Sumner Jr.
	T.B. Sumner, Jr., Director
	*By: /S/ Martin J. Strobel
	Martin J. Strobel, Attorney-in-Fact

Exhibit 3-B

Adopted on February 8, 1999
Effective April 7, 1999

BY-LAWS OF DANA CORPORATION

ARTICLE I. EFFECTIVE DATE

SECTION 1.1. EFFECTIVE DATE. These By-Laws are adopted by the Board of Directors (the "Board") of Dana Corporation ("Dana") effective April 7, 1999.

ARTICLE II. OFFICES

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

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

ARTICLE III. SHAREHOLDER MEETINGS

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

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

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

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

b. TIMELINESS.

i. ANNUAL MEETINGS. Shareholder notices of nominations to be voted on at any annual meeting must be delivered not later than the close of business on the 90th day prior to such meeting, and notices of proposals to be voted on must be delivered in compliance with the timeliness provisions of SEC Rule 14a-8(a)(3)(i) or any rule hereafter adopted in its place as though such rules applied to the proposals, whether or not they actually do so.

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

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

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

SECTION 3.4. CONDUCT OF MEETINGS.

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

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

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

ARTICLE IV. BOARD OF DIRECTORS

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

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

SECTION 4.3. MEETINGS AND NOTICE.

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

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

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

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

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

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

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

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

ARTICLE V. BOARD COMMITTEES

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

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

a. ADVISORY COMMITTEE. The Advisory Committee shall make recommendations to the Board on matters relating to the qualifications of directors; the selection of nominees for election as directors at annual shareholder meetings and in filling Board vacancies; the selection and retention of elected officers and management succession; the cash and non-cash compensation of directors; the structure of the

Board's Committees; the schedule and agenda for meetings of the Board and its Committees; the criteria for assessing the performance of the Board, its Committees, and the individual directors; and other Board governance matters. When the Board is not in session and when the Advisory Committee is convened by and meeting with the Chairman of the Board for such purpose, the Advisory Committee shall serve as an "executive committee" of the Board and shall have the full authority of the Board under Virginia Law.

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

c. COMPENSATION COMMITTEE. The Compensation Committee shall make recommendations to the Board on matters relating to base salaries and other cash and non-cash compensation for senior management under those Dana executive benefit plans in effect from time to time which the Committee interprets and administers. The Compensation Committee shall maintain familiarity with generally accepted national and international compensation practices and may consult with such compensation consultants as it deems appropriate. In making its recommendations, the Compensation Committee shall endeavor to maintain the compensation of Dana's senior management at levels appropriate for Dana's size and business, the responsibilities and performance of the individuals, and Dana's performance. The members of the Compensation Committee shall qualify as "outside directors" under Internal Revenue Service Regulation sec. 1.162-27 and shall not be employees of Dana.

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

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

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

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

ARTICLE VI. OFFICERS

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

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

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

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

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

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

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

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

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

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

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

i. SECRETARY. The Secretary shall prepare and maintain minutes of all meetings of the Board and of Dana's shareholders; shall assure that notices required by these By-Laws, Dana's Articles, Virginia Law or the Exchange Act are duly given; shall be custodian of Dana's seal (if any) and affix it as required; shall authenticate Dana's records as required; shall keep or cause to be kept a register of the shareholders' names and addresses as furnished by them; and shall have general charge of Dana's stock transfer books. If the Secretary is absent or incapacitated and has not previously designated in writing another person or persons to have his or her powers and duties, any Assistant Secretary shall have such powers and duties.

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

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

SECTION 6.5. GUARANTEES OF INDEBTEDNESS.

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

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

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

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

ARTICLE VII. INDEMNIFICATION

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

ARTICLE VIII. DANA STOCK

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

SECTION 8.2. RIGHTS AGREEMENT. Any restrictions which are deemed to be imposed on the transfer of Dana securities by the Rights Agreement dated as of April 25, 1996, between Dana and Chemical Mellon Shareholder Services, L.L.C., or by any successor or replacement rights plan or agreement, are hereby authorized.

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

ARTICLE IX. AMENDMENT

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

Exhibit 10-E(4)

Fourth Amendment to Dana Corporation 1997 Stock Option Plan

The following language is added to the end of Section 10(a) of the Plan, effective October 20, 1998:

"Notwithstanding anything contained in this Section 10(a) or elsewhere in the Plan to the contrary, the Committee can choose, in its absolute discretion, to permit an Optionee whose employment is involuntarily terminated (other than for cause) to exercise any then-outstanding option to purchase shares of Stock or to exercise any then-outstanding stock appreciation right for up to two years following the Optionee's termination of employment (but not beyond the ten-year term of the option). Only those Optionees whose names appear on a listing maintained by the Secretary to the Committee shall be entitled to have the exercise period on their options so extended."

Exhibit 10-F
12/14/98

DANA CORPORATION EXCESS BENEFITS PLAN

ARTICLE I

DEFINITIONS

1.1. "Benefit Payment Period" means the one of the following that applies to the particular Employee or Recipient:

(a) For an Employee or Recipient who is receiving payments for the remainder of a term certain period, Benefit Payment Period means the remainder of such term certain period.

(b) For an Employee or Recipient who is receiving payments for his or her remaining lifetime, the Benefit Payment Period is the Life Expectancy of the Employee or Recipient.

(c) For an Employee or Recipient who is receiving payments for his or her remaining lifetime plus payments for the lifetime of a Contingent Annuitant, the Benefit Payment Period is the Life Expectancy of the Employee or Recipient plus an additional period to reflect the Life Expectancy of the Contingent Annuitant after the death of the Employee or Recipient.

1.2. "Board" means the Board of Directors of the Company.

1.3. "Change in Control" means the occurrence of the event set forth in any one of the following paragraphs:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (1) of paragraph (c) below; or

(b) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on December 8, 1997, constitute the Board and any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on December 8, 1997 or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, shall not be counted; or

(c) there is consummated a merger of the Company or any direct or indirect Subsidiary of the Company with any other corporation, or a statutory share exchange of the Company's voting securities, other than (1) a merger or statutory share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (2) a merger or statutory share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this "Change in Control" definition, the following terms shall have the following meanings:

"Affiliate" shall mean a corporation or other entity which is not a Subsidiary and which directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company. For the purpose of this definition, the terms "control", "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation or other entity, whether through the ownership of voting securities, by contract, or otherwise.

"Beneficial Owner" or "Beneficially Owned" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14 (d) thereof, except that such term shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"Subsidiary" shall mean a corporation or other entity, of which 50% or more of the voting securities or other equity interests is owned directly, or indirectly through one or more intermediaries, by the Company.

1.4. "Code" means the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time.

1.5. "Company" means Dana Corporation, a corporation organized under the laws of the Commonwealth of Virginia.

1.6. "Contingent Annuitant" means the person designated to receive retirement benefits under this Plan following the death of the Employee or a Recipient.

1.7. "Deferred Awards" means deferred awards, earned under the Dana Corporation Additional Compensation Plan on account of long- or short-term award periods

(a) ending on or after January 1, 1988, except as provided in paragraph (b), below, and

(b) ending either before January 1, 1988, or on or after January 1, 1988, solely for purposes of determining the amount of the Employee's benefit under Section 5 of Part I of Appendix E of the Retirement Plan.

1.8. "Effective Date" means September 1, 1988.

1.9. "Employee" means an individual who is a participant (including a retired participant) in a funded, defined benefit pension plan maintained by the Company, or any successor plan that may be adopted or substituted for such plan if, and only if,

(a) the individual's benefits under such defined benefit plan are limited by reason of the provisions of such plan that are designed to comply with the limitations imposed by Section 401(a)(17) or Section 415 of the Code; and/or

(b) the individual is actively employed by the Company on or after September 1, 1988, and the individual's benefits under such defined benefit plan are limited by reason of the fact that Deferred Awards are not recognized as earnings for purposes of determining the individual's benefits under such defined benefit plan.

1.10. "Life Expectancy" means the expected remaining lifetime based on the Mortality Table and the age at the nearest birthday of the Employee or Recipient at the date the Lump Sum Payment is made. If a joint and contingent survivor annuity has been elected, then Life Expectancy shall reflect the joint Life Expectancies of the Employee or Recipient and Contingent Annuitant.

1.11. "Lump Sum Payment" shall be determined as set forth in paragraph (c) of Section 4.7 of the Plan.

1.12. "Mortality Table" shall mean the Unisex Pension 1984 Mortality Table set forward one year in age (or such other pensioner annuity mortality table as the Company with the written consent of the Employee or Recipient shall determine) and the associated Uniform Seniority Table for the determination of joint life expectancies.

1.13. "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 Employee or Recipient on the date of payment of the Lump Sum Payment.

1.14. "Pension Plan" means the funded, defined benefit pension plan in which an Employee was participating at the time of his termination of employment (or retirement) from the Company.

1.15. "Plan" means the "Dana Corporation Excess Benefits Plan", as set forth herein.

1.16. "Plan Administrator" means the Plan Administrator appointed under the Pension Plan.

1.17. "Retirement Plan" means the Dana Corporation Retirement Plan, as amended from time to time.

1.18. "Specified Rate" shall mean an interest rate equal to 85% of a composite insurance company annuity rate provided by an actuary designated by the Plan Administrator (and provided by such actuary as of the last month of the calendar year next preceding the calendar year in which the distribution is made), subject to the condition that the interest rate in effect for any such year may not differ from the rate in effect for the prior year by more than one-half of one percent, and also subject to the condition that any such rate shall be rounded to the nearest one-tenth of one percent (and if such rate is equidistant between the next highest and next lowest one-tenth of one percent, rounded to the next lowest one-tenth of one percent).

ARTICLE II

PURPOSE OF THE PLAN

2.1. Purpose. This Plan as adopted effective September 1, 1988, is hereby amended effective January 1, 1998 and is intended to continue the excess benefits plan of the Company that had previously been set forth in a Resolution of the Board dated June 9, 1975.

ARTICLE III

ELIGIBILITY

3.1. Eligibility. All Employees and beneficiaries of Employees eligible to receive retirement benefits from a funded, defined benefit pension plan sponsored by the Company shall be eligible to receive benefits under this Plan in accordance with Article IV, regardless of when the Employee may have terminated employment or retired (except as otherwise specified by Article IV).

ARTICLE IV

BENEFITS

4.1. Basic Benefit.

(a) An Employee who, on or after September 1, 1988, terminates active employment or retires from active employment with the Company shall be entitled to receive a lump sum payment equal to the excess (if any) of:

(i) the total of the lump sum benefits that the Employee would have received from all Company-sponsored, funded, defined benefit pension plans in which he was a participant, determined without regard to the limitations on such benefits imposed by such plans in order to comply with the limitations imposed by Section 401(a)(17) and Section 415 of the Code and, in the case of an Employee who is actively employed by the Company on or after September 1, 1988, and solely for purposes of the benefits payable from the Retirement Plan (but not for purposes of any benefits payable pursuant to the second paragraph of Section 14 of Part I of Appendix E of the Retirement Plan), determined without regard to the provisions of the Retirement Plan that exclude Deferred Awards under the Dana Corporation Additional Compensation Plan from the definition of earnings under the Retirement Plan, and determined, except as provided in Section 4.1(e) hereof, on the basis of the Mortality Table and 120 percent of the interest rate that would be used (as of January 1 of the calendar year in which the first benefit payment is to be made) by the Pension Benefit Guaranty Corporation with respect to an immediate annuity for purposes of determining the present value of a lump sum distribution on plan termination, over

(ii) the total of the lump sum benefits that he is entitled to receive from such Company-sponsored, funded, defined benefit pension plans, determined on the basis of the assumption that the Employee's benefits under such plans are paid in the form of a lump sum benefit, payable as of the Employee's date of retirement under the Pension Plan and determined, except as provided in Section 4.1(e) hereof, on the basis of the Mortality Table and 120 percent of the interest rate that would be used (as of January 1 of the calendar year in which the first benefit payment is to be made) by the Pension Benefit Guaranty Corporation with respect to an immediate annuity for purposes of determining the present value of a lump sum distribution on plan termination.

(b) Subject to the provisions of Section 4.2 hereof, the benefit payable pursuant to paragraph (a) of this Section 4.1, shall be paid in the form of a lump sum payment, payable as of the Employee's date of retirement under the Pension Plan.

(c) If an Employee eligible for a benefit under the Plan dies before the date as of which such benefit is scheduled to be paid hereunder, a lump sum benefit shall be paid to the Employee's surviving spouse (if any), as of the month (if any) in which the spouse's benefits commence under the Pension Plan. The amount of such benefit shall be a lump sum payment equal to the excess (if any) of:

(i) the total of the lump sum benefits that the spouse would have received from all Company-sponsored, funded, defined benefit pension plans in which the Employee was a participant but for the limitations on benefits imposed by such plans in order to comply with the limitations imposed by Section 401(a)(17) and Section 415 of the Code and, in the case of an Employee who is actively employed by the Company on or after September 1, 1988, and solely for purposes of the benefits payable from the Retirement Plan (but not for purposes of any benefits payable pursuant to the second paragraph of Section 14 of Part I of Appendix E of the Retirement Plan), determined without regard to the provisions of the Retirement Plan that exclude Deferred Awards under the Dana Corporation Additional Compensation Plan from the definition of earnings under the Retirement Plan, and determined on the basis of the Mortality Table and 120 percent of the interest rate that would be used (as of January 1 of the calendar year in which the first benefit payment is to be made) by the Pension Benefit Guaranty Corporation with respect to an immediate annuity for purposes of determining the present value of a lump sum distribution on plan termination, over

(ii) the total of the lump sum benefits that the spouse is entitled to receive from such Company-sponsored, funded, defined benefit pension plans, determined on the basis of the assumption that the spouse's benefits under such plans are paid in the form of a lump sum benefit and determined on the basis of the Mortality Table and 120 percent of the interest rate that would be used (as of January 1 of the calendar year in which the first benefit payment is to be made) by the Pension Benefit Guaranty Corporation with respect to an immediate annuity for purposes of determining the present value of a lump sum distribution on plan termination.

(d) No benefits shall be paid hereunder with respect to an active Employee who is not married on the date of his death.

(e) Notwithstanding the foregoing provisions of this Section 4.1, if an active Employee retires and receives a benefit under any of the following plan provisions:

(i) Section 3.04D of the Dana Corporation Retirement Income Plan, as amended by the Second Amendment to that Plan;

(ii) Section 3.6D of the Dana Corporation Spicer Axle Salaried Pension Plan, as amended by the First Amendment to that Plan;

(iii) Section 5.1c.v. of the Retirement Plan for Management Employees of Racine Hydraulics Division-Dana Corporation, as amended by the First Amendment to that Plan;

(iv) Section 4.6.5 of the Dana Corporation Weatherhead Division Pension Plan for Salaried Employees, as amended by the First Amendment to that Plan;

(v) Section 4.7.1 of the Dana Corporation Gresen Manufacturing Division Management Pension Plan, as amended by the First Amendment to that Plan; or

(vi) Option E of Section 6.4 of the Tyrone Salaried Pension Plan, as amended by the First Amendment to that Plan,

then the benefits described in Section 4.1(a)(i) and (ii), in respect of the above-described plan benefits, shall be determined on the basis of the mortality rates, interest assumptions and other factors that would be applicable to the form of payment selected by the Employee under such other plan.

(f) Notwithstanding the foregoing provisions of this Section 4.1, benefits under this Plan shall only be based on that portion of an Employee's 1994 and subsequent years' Additional Compensation Plan bonus awards (whether or not deferred) as do not exceed 125% of the base salary paid to the Employee by the Company for the applicable year.

4.2. Form of Benefit Payments.

(a) An Employee eligible for a benefit under this Plan shall be entitled to receive his benefit in the form of an immediate lump sum payment. However, the Employee may request that his benefit be paid instead pursuant to an optional form of payment that is used for the payment of the Employee's retirement benefit under the Pension Plan. The amount of the benefit payable pursuant to any form of payment under this paragraph (a) shall be determined by applying the mortality rates, interest assumptions and other factors prescribed by the Retirement Plan that would be applicable to the form of payment that the Employee has requested under this Plan. Any post-retirement increase in the benefits being paid to an Employee under the Pension Plan shall also be applied on a comparable basis to any monthly supplemental benefits being paid under this paragraph (a).

(b) In addition to the distribution options available under paragraph (a) of this Section 4.2, an Employee eligible for a benefit under this Plan may request to receive his benefit in 120 monthly installments, regardless of whether the Employee has elected this form of payment for his retirement benefit under the Pension Plan. An Employee may elect the 120-month installment benefit only if his employment with the Company terminates on or after July 1, 1988. The Employee's lump sum benefit determined under paragraph (a) of Section 4.1 shall be converted to monthly installments using the "applicable interest rate" under Section 417(e) of the Code for the November preceding the calendar year in which the payments commence. If the Employee dies before 120 monthly payments have been made, there shall be paid to his beneficiary, commencing on the first day of the month following his death and continuing for the remainder of the 120-month period, the monthly benefit that had been paid to the Employee. No payments shall be made either to the Employee or to his beneficiary after 120 monthly payments have been made.

(c) If the Employee requests the 120-month installment option under paragraph (b), the Employee shall designate in writing a natural person (or persons) to be his beneficiary. The Employee may not designate a trust or his estate to be his beneficiary. If an Employee designates his spouse as his beneficiary and they thereafter divorce, such designation shall be automatically revoked. The Employee may change his beneficiary designation in writing at any time before his installment payments commence, but he may not change his beneficiary designation after his payments commence. If the Employee dies after his installment payments have commenced and he is not survived by a designated beneficiary, the remaining monthly payments shall be paid to the Employee's estate. If the Employee is survived by a designated beneficiary, and the beneficiary dies before the complete disbursement of the payments due, the remaining monthly payments shall be paid to the beneficiary's estate.

(d) The Employee's written request to receive an optional form of payment under paragraph (a) or paragraph (b) instead of an immediate lump sum must be filed with the Vice President-Administration of the Company before the Employee's date of retirement under the Pension Plan. The request shall be granted or denied in the sole discretion of the Vice President-Administration of the Company. If the Employee is the Vice President-Administration of the Company, the duties of the Vice President-Administration of the Company under this Section 4.2 shall be discharged by the President of the Company.

4.3. Time and Duration of Benefit Payments. Benefits due under the Plan shall be paid in a lump sum, except as otherwise determined by the Vice President-Administration or the President of the Company pursuant to Section 4.2 hereof.

4.4. Benefits Unfunded. The benefits payable under the Plan shall be paid by the Company each year out of its general assets and shall not be funded in any manner. The obligations that the Company incurs under this Plan shall be subject to the claims of the Company's other creditors having priority as to the Company's assets.

4.5. Nonalienability. The Plan Administrator may recognize the right of an alternate payee named in a domestic relations order to receive all or a portion of an Employee's benefit under this Plan, provided that (a) the domestic relations order would be a "qualified domestic relations order" within the meaning of Section 414(p) of the Code if Section 414(p) were applicable to the Plan; (b) the domestic relations order does not purport to give the alternate payee any right to assets of the Company or its affiliates; and (c) the domestic relations order does not purport to give the alternate payee any right to receive payments under the Plan before the Employee is eligible to receive such payments. If the domestic relations order purports to give the alternate payee a share of a benefit to which the Employee currently has a contingent or non-vested right, the alternate payee shall not be entitled to receive any payment from the Plan with respect to the benefit unless the Employee's right to the benefit becomes nonforfeitable. Except as set forth in the preceding two sentences with respect to domestic relations orders, and except as required under applicable federal, state, or local laws concerning the withholding of tax, rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge, or otherwise encumber any such supplemental benefit, whether currently or thereafter payable, shall be void.

4.6. Successors to the Corporation. This Plan shall be binding upon and inure to the benefit of 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.

4.7. Change in Control. Anything hereinabove in this Article IV or elsewhere in this Plan to the contrary notwithstanding:

(a) Lump sum payment. Upon the occurrence of a Change in Control, each Employee and each Employee's spouse or beneficiary following his death who are receiving benefits under the Plan ("Recipient") shall receive, on account of future payments of any and all benefits due under the Plan, a Lump Sum Payment, so that each such Employee or Recipient will receive substantially the same amount of after-tax income as before the Change in Control, determined as set forth in paragraph (c) of this Section 4.7.

(b) Certain matters following a lump sum payment. An Employee who has received a Lump Sum Payment pursuant to paragraph (a) of this Section 4.7 shall, thereafter (i) while in the employ 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 Change in Control, 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; otherwise, the Specified Rate shall be used.

(c) Determination of lump sum payment. The Lump Sum Payment referred to in paragraph (a) of this Section 4.7 shall be determined by multiplying the annuity certain factor (for monthly payments at the beginning of each month) based on the Benefit Payment Period and the Net Specified Rate by the monthly benefit (adjusted for assumed future benefit adjustments due to Social Security and Code Section 415 changes in the Pension Plan) to be paid to the Employee or Recipient under the Plan.

4.8. Taxation. Notwithstanding anything in the Plan to the contrary, if the Internal Revenue Service determines that the Employee is subject to Federal income taxation on an amount in respect of any benefit provided by the Plan before the distribution of such amount to him, the Company shall forthwith pay to the Employee all (or the balance) of such amount as is includible in the Employee's Federal gross income and shall correspondingly reduce future payments, if any, of the benefit.). Except as provided in Section 4.7 with respect to payments after a Change in Control, the Company shall not reimburse the Employee or any Recipient for any tax, interest, or penalty that the Employee or Recipient owes with respect to any payment from the Plan.

ARTICLE V

AMENDMENT, TERMINATION AND INTERPRETATION

5.1. Amendment and Termination. The Company reserves the right, by action of the Board, to amend, modify or terminate, either retroactively or prospectively, any or all of the provisions of this Plan without the consent of any Employee or beneficiary; provided, however, that no such action on its part shall adversely affect the rights of an Employee and his beneficiaries without the consent of such Employee (or his beneficiaries, if the Employee is deceased) with respect to any benefits accrued prior to the date of such amendment, modification, or termination of the Plan if the Employee has at that time a non-forfeitable right to benefits under a funded, defined benefit pension plan sponsored by the Company.

5.2. Interpretation. The Plan Administrator shall have the discretionary authority 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. In addition, any interpretations and decisions made by the Plan Administrator shall be final, conclusive and binding upon the persons who have or who claim to have any interest in or under the Plan.

IN WITNESS WHEREOF, Dana Corporation has executed this restated Plan, effective as of January 1, 1998.

/s/ Martin J. Strobel

DANA CORPORATION

/s/ Mark A. Smith, Jr.
- ----------------------
Attest

Exhibit 10-I(2)
12/13/98

SECOND AMENDMENT
TO
THE DANA CORPORATION
DIRECTOR DEFERRED FEE PLAN

Pursuant to resolutions of the Board of Directors adopted on December 14, 1998, the Dana Corporation Director Deferred Fee Plan (the "Plan") is hereby amended, effective as of December 14, 1998, as set forth below.

1. A new Section 11 is hereby added to the Plan as follows:

"11. Canadian Resident Directors

Notwithstanding anything in the Plan to the contrary, the Plan, as it applies to a Director who is a resident of Canada for the purposes of the Income Tax Act (Canada) at any time that Units are credited to a Stock Account of that Director, shall be as modified in Schedule 1 hereto."

IN WITNESS WHEREOF, the undersigned has hereby executed this Second Amendment on behalf of the Corporation this 21st day of January, 1999.

DANA CORPORATION

By: /s/ Martin J. Strobel

ATTEST:

/s/ Mark A. Smith, Jr.

Schedule 1

DANA CORPORATION
DIRECTOR DEFERRED FEE PLAN

For Directors Resident in Canada

1. Introduction

This Schedule 1 modifies the Dana Corporation Director Deferred Fee Plan for Directors resident in Canada to provide such Directors with the opportunity to defer to a future date the receipt of their compensation as Directors. This Schedule 1 constitutes the entire Plan for such Directors.

2. Definitions

The following words and phrases shall have the meanings set forth below:

A. "Account" shall mean a Director's Stock Account.

B. "Committee" shall mean the Compensation Committee of the Board of Directors of the Corporation.

C. "Corporation" shall mean Dana Corporation.

D. "Director" shall mean a member of the Board of Directors of the Corporation, who is not a current employee of the Corporation or any of its Subsidiaries and who is a Canadian resident.

E. "Fees" shall mean any retainer fees or meeting fees that a Director receives or is entitled to receive in payment for his service as a Director of the Corporation. "Fees" shall also include fees that accrue on account of service on any committee of the Board of Directors, and fees that are payable for services over and above those normally expected from Directors and performed at the request of the Chairman of the Board of Directors.

F. "Grant Date" shall mean the date each year of the annual organizational meeting of the Board that is held following the Corporation's annual meeting of stockholders.

G. "Plan" shall mean the Dana Corporation Director Deferred Fee Plan, as amended by and set out in this Schedule 1 for Directors resident in Canada, and as thereafter amended from time to time.

H. "Retirement Plan" shall mean the Dana Corporation Directors Retirement Plan.

I. "Year" shall mean a calendar year.

3. Director's Account

Each Director may elect to have any portion (or all) of his Fees as a Director deferred by filing a written election with the Corporation prior to January 1 of each year for which deferrals are to be made. Any such deferred Fees are to be credited to a Stock Account. In addition, on each Grant Date commencing April 21, 1997, each Director shall have his Stock Account credited with 300 Units. Each person who was a Director on October 1, 1996 shall also have his Stock Account credited with a one-time allocation of Units equivalent to the present value of his accrued benefit earned through December 31, 1996 under the Retirement Plan.

For each Director who determines that all or a portion of his deferred Fees should be converted into Units equal to shares of the Corporation's common stock, as well as for each Director for whom stock Units are otherwise credited to a Stock Account, the Corporation shall establish a Stock Account for that Director and shall credit that Account with any Fees (or Units) deferred at the time payment would have otherwise have been made to the Director. Any accrued dollar balance in such Account shall be converted four times each Year, effective March 31, June 30, September 30, and December 31, into a number of Units equal to the maximum number of whole shares of the Corporation's common stock that could have been purchased with the dollar amount credited to the Account, assuming a purchase price per share equal to the average of the last reported daily sales prices for shares of such common stock on the New York Stock Exchange - Composite Transactions on each trading day during the last full month preceding the date of conversion, and the dollar amount then credited to such Account shall be appropriately reduced. Any dollar amount not credited to the Stock Account of a Director as whole Units shall be accrued as a dollar balance in the Account.

When cash dividends are declared and paid on the Corporation's common stock, the dollar balance in the Account of each Director shall be credited as of the dividend payment date with an amount equal to the cash that would have been paid if each Unit in such Account, as of the dividend record date, had been one share of the Corporation's outstanding common stock.

If the Corporation increases or decreases the number of shares of its outstanding common stock as a result of a stock dividend, stock split, or stock combination, a corresponding proportionate adjustment shall be made in the number of Units then credited to each Director's Account, as well as in the number of Units being credited annually to each Director's Account, pursuant to this Section 3.

No person shall, by virtue of his participation in the Plan, have or acquire any interest whatsoever in property or assets of the Corporation or in any share of the Corporation's common stock, or have or acquire any rights whatsoever as a stockholder of the Corporation.

Following a Director's death, retirement from the Board of Directors, or termination of service as a Director, amounts held in his Account will be distributed in accordance with Section 4.

4. Distributions to Directors

A distribution in respect of a Director's Account shall be made on a date determined by the Committee which is after the time of the Director's death, retirement from the Board of Directors, or termination of service as a Director and no later than the end of the first calendar year commencing after that time. In no event shall a distribution be paid to a Director before the time of the Director's death, retirement from the Board of Directors, or termination of service as a Director. Any accrued dollar balance in a Director's Account shall be converted into Units, in the manner described in Section 3, prior to the distribution. A distribution shall be subject to withholding of taxes and other amounts required by any applicable legislation to be withheld.

In the event of the death of a Director either before or after retirement or termination of services, the amount then credited to his Accounts shall be paid in cash in such manner as the Committee may determine, regardless of the manner in which such payments would have been made to the Director had he lived.

Each distribution in respect of a Director's Account shall be made (in whole or in part) at the election of the participant, in shares of the Corporation's common stock, in cash, or in a combination of shares of common stock and cash. Any stock distribution in respect of Units from a Director's Account shall be made on the basis of one share of the Corporation's common stock for each Unit being distributed.

If any distribution in respect of a Director's Account is to be made in cash, the value of each Unit being distributed from his Account shall be assumed, for purposes of such distribution, to be equal to the average of the last reported daily sales prices for shares of the Corporation's common stock on the New York Stock Exchange-Composite Transactions on each trading day during the calendar month preceding the month of making such payment.

If any distribution is to be made in shares of the Corporation's common stock, the Corporation shall take all necessary action to comply with or secure an exemption from the registration requirements of the Securities Act of 1933, the requirements of any applicable Canadian securities legislation, and the listing requirements of the New York Stock Exchange and any other securities exchange on which the Corporation's common stock may then be listed; provided, that the Corporation may (i) delay the making of any such distribution in shares of its common stock for such period as it may deem necessary or advisable to effect compliance with the requirements above referred to, and (ii) require, as a condition precedent to the delivery of the certificate(s) representing such shares, that any recipient thereof execute and deliver such representations, agreements and/or covenants in favor of the Corporation with respect to the holding and/or disposition of such shares, and such consent to the mechanics for enforcement of such representations, agreements and/or covenants, as the Committee may deem necessary or advisable in order to comply with or obtain exemption from any of the requirements referred to above, provided that if the delay referred to in (i) above or if compliance with the condition precedent referred to in (ii) above would otherwise result in such distribution in shares being made later than the end of the first calendar year commencing after the time of the Director's death, retirement from the Board of Directors, or termination of service as a Director, the Director shall be deemed to have elected that the distribution be made in cash and the distribution in cash shall be made before the end of such calendar year.

All distributions under the Plan shall be made to the Director, except that, in the event of the death of a Director, distributions shall be made to such person or persons related to or dependent on the Director as such Director shall have designated by written notice to the Committee prior to his death. In the event the designated beneficiary fails to survive the Director, or if the Director fails to designate such a beneficiary in writing, the Corporation shall distribute the balance in the Director's Account to the legal representative of such deceased Director.

In the event of any merger, consolidation, sale of substantially all of the assets of the Corporation or other similar transaction, the sole adjustments to the Account of each Director shall be those prescribed by the underlying agreement pursuant to which such transaction is effected; provided, however, that no such adjustments shall, at the time the adjustments are made, reduce the value of the Account of any Director below its value immediately prior to such adjustments.

5. Non-Assignment of Interest

No interest in any undistributed Unit amount shall be transferable or assignable by any Director, and any purported transfer or assignment of any such interest, and any purported lien on or pledge of any such interest, made or created by any Director, shall be void and of no force or effect as against the Corporation. Any payment due under this Plan shall not, in any manner, be subject to the debts or liabilities of any Director or beneficiary. Units will represent shares of the Corporation's common stock for accounting purposes only, and shall not be convertible to, or considered to be, actual shares of stock for any reason.

6. Amendment, Termination, and Interpretation of Plan

The Board of Directors of the Corporation shall have the right at any time, and from time to time, to modify, amend, suspend, or terminate the Plan; provided, however, that no such action shall be taken that would affect Fees deferred (or Units credited) prior to the action taken without the consent of the affected Director (or his personal representative).

The Committee 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 Committee shall be final, conclusive, and binding upon all persons who have (or claim to have) any interest in or under the Plan.

7. Information

Each person entitled to receive a payment under this Plan, whether a Director, a duly-designated beneficiary of a Director, a guardian, or otherwise, shall provide the Committee with such information as it may, from time to time, deem necessary or in its best interests in administering the Plan. Any such person shall also furnish the Committee with such documents, evidence, data, or other information as the Committee may, from time to time, deem necessary or advisable.

8. Governing Law

The Plan shall be construed, administered, and governed in all respects under and by the applicable internal laws of the State of Ohio, without giving effect to the principles of conflicts of laws thereof.

9. Shares Reserved for Plan

This Schedule 1 does not modify the total number of shares of the Corporation's common stock, par value $1 per share, reserved for issue under the Plan as amended and restated on February 10, 1997, namely 55,000 shares. Such number of shares is subject to adjustment in the event of a stock dividend, stock split, stock combination, or similar event.

10. Effective Date

The Plan, as most recently amended and restated, was adopted by the Board effective on December 14, 1998. This Schedule 1 was adopted by the Board on December 14, 1998, and will apply to any Units credited before or after such effective date to the Stock Account of a Director resident in Canada.

Exhibit 10-K
12/14/98

DANA CORPORATION SUPPLEMENTAL BENEFITS PLAN

ARTICLE I

DEFINITIONS

1.1. "Benefit Payment Period" means the one of the following that applies to the particular Employee or Recipient:

(a) For an Employee or Recipient who is receiving payments for the remainder of a term certain period, Benefit Payment Period means the remainder of such term certain period.

(b) For an Employee or Recipient who is receiving payments for his or her remaining lifetime, the Benefit Payment Period is the Life Expectancy of the Employee or Recipient.

(c) For an Employee or Recipient who is receiving payments for his or her remaining lifetime plus payments for the lifetime of a Contingent Annuitant, the Benefit Payment Period is the Life Expectancy of the Employee or Recipient plus an additional period to reflect the Life Expectancy of the Contingent Annuitant after the death of the Employee or Recipient.

1.2. "Board" means the Board of Directors of the Company.

1.3. "Change in Control" means the occurrence of the event set forth in any one of the following paragraphs:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (1) of paragraph (c) below; or

(b) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on December 8, 1997, constitute the Board and any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on December 8, 1997 or whose appointment, election or nomination for election was previously so approved or recommended. For purposes of the preceding sentence, any director whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, shall not be counted; or

(c) there is consummated a merger of the Company or any direct or indirect Subsidiary of the Company with any other corporation, or a statutory share exchange of the Company's voting securities, other than (1) a merger or statutory share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (2) a merger or statutory share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this "Change in Control" definition, the following terms shall have the following meanings:

"Affiliate" shall mean a corporation or other entity which is not a Subsidiary and which directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company. For the purpose of this definition, the terms "control", "controls" and "controlled" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a corporation or other entity, whether through the ownership of voting securities, by contract, or otherwise.

"Beneficial Owner" or "Beneficially Owned" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (a) the Company or any of its Subsidiaries, (b) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (c) an underwriter temporarily holding securities pursuant to an offering of such securities, or (d) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"Subsidiary" shall mean a corporation or other entity, of which 50% or more of the voting securities or other equity interests is owned directly, or indirectly through one or more intermediaries, by the Company.

1.4. "Code" means the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time.

1.5. "Company" means Dana Corporation, a corporation organized under the laws of the Commonwealth of Virginia.

1.6. "Contingent Annuitant" means the person designated to receive retirement benefits under this Plan following the death of the Employee or a Recipient.

1.7. "Credited Service" means "Credited Service" as that term is defined in the Retirement Income Plan.

1.8. "Effective Date" means September 1, 1988.

1.9. "Employee" means an individual who is a participant (including a retired participant) in a funded, defined benefit pension plan maintained by the Company, or any successor plan that may be adopted or substituted for such plan if, and only if, (a) the individual is actually employed by the Company on September 1, 1988, and (b) the individual is a U.S.-based member of the long-term awards group as of September 1, 1988, under the Dana Corporation Additional Compensation Plan.

1.10. "Excess Plan" means the Dana Corporation Excess Benefits Plan, as amended from time to time.

1.11. "Highest Average Monthly Earnings" means the sum of:

(a) the Employee's basic salary (before any reduction as a result of an election to have his pay reduced in accordance with a "cafeteria plan" or a "cash or deferred arrangement" pursuant to Section 125 or Section 401(k) of the Code), and

(b) bonuses and incentive payments paid (or that would have been paid, but for a deferral arrangement) to the Employee (provided, however, that with respect to 1994 and subsequent years' bonus awards under the Company's Additional Compensation Plan, only that portion of the Employee's bonus award as does not exceed 125% of his base salary will be considered)

during any 3 calendar years out of the last 10 calendar years of active employment with the Company prior to retirement in which such sum was the highest, divided by 36.

1.12. "Life Expectancy" means the expected remaining lifetime based on the Mortality Table and the age at the nearest birthday of the Employee or Recipient at the date the Lump Sum Payment is made. If a joint and contingent survivor annuity has been elected, then Life Expectancy shall reflect the joint Life Expectancies of the Employee or Recipient and Contingent Annuitant.

1.13. "Lump Sum Payment" shall be determined as set forth in paragraph (c) of Section 4.7 of the Plan.

1.14. "Mortality Table" shall mean the Unisex Pension 1984 Mortality Table set forward one year in age (or such other pensioner annuity mortality table as the Company with the written consent of the Employee or Recipient shall determine) and the associated Uniform Seniority Table for the determination of joint life expectancies.

1.15. "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 Employee or Recipient on the date of payment of the Lump Sum Payment.

1.16. "Pension Plan" means the funded, defined benefit pension plan in which an Employee was participating at the time of his termination of employment (or retirement) from the Company.

1.17. "Plan" means the "Dana Corporation Supplemental Benefits Plan", as set forth herein.

1.18. "Plan Administrator" means the Plan Administrator appointed under the Pension Plan.

1.19. "Primary Social Security Benefit" means "Primary Social Security Benefit" as that term is defined by the Retirement Income Plan.

1.20. "Retirement Income Plan" means the Dana Corporation Retirement Income Plan, as in effect on June 30, 1998.

1.21. "Specified Rate" means an interest rate equal to 85% of a composite insurance company annuity rate provided by an actuary designated by the Plan Administrator (and provided by such actuary as of the last month of the calendar year next preceding the calendar year in which the distribution is made), subject to the condition that the interest rate in effect for any such year may not differ from the rate in effect for the prior year by more than one-half of one percent, and also subject to the condition that any such rate shall be rounded to the nearest one-tenth of one percent (and if such rate is equidistant between the next highest and next lowest one-tenth of one percent, rounded to the next lowest one-tenth of one percent).

1.22. "Temporary Retirement Benefit" means the benefit described in Section 4.1(b)(i)(B) hereof.

1.23. "Vesting Service" means "Vesting Service" as that term is defined by the Retirement Income Plan.

ARTICLE II

PURPOSE OF THE PLAN

2.1. Purpose. This Plan is adopted effective September 1, 1988, and amended effective December 14, 1998, and is intended to provide supplemental benefits to Employees and their beneficiaries in addition to any benefits to which such Employees and beneficiaries may be entitled under other Company-sponsored, funded, defined benefit pension plans and the Excess Plan.

ARTICLE III

ELIGIBILITY

3.1. Eligibility. All Employees and beneficiaries of Employees eligible to receive retirement benefits from a Pension Plan shall be eligible to receive benefits under this Plan in accordance with Article IV, regardless of when the Employee may have terminated employment or retired (except as otherwise specified by Article IV).

ARTICLE IV

BENEFITS

4.1. Basic Benefits.

(a) An Employee who, on or after September 1, 1988, retires from active employment with the Company on or after his 65th birthday, shall be entitled to receive a lump sum benefit that is the actuarial equivalent (determined in accordance with Section 4.2 hereof) of a monthly supplemental benefit equal to the excess (if any) of:

(i) (A) 1.6 percent of the Employee's Highest Average Monthly Earnings multiplied by the number of years and fractional parts thereof of his Credited Service at the time of retirement, less

(B) 2 percent of the Employee's Primary Social Security Benefit multiplied by the number of years and fractional parts thereof of his Credited Service but not more than 50 percent of the Employee's Primary Social Security Benefit, over

(ii) the sum of the monthly benefits he is entitled to receive from all Company-sponsored, funded, defined benefit pension plans, and the Excess Plan, determined in each case on the basis of the assumption that the Employee's benefits under such plans are paid in the form of a single life annuity for the life of the Employee, commencing as of the Employee's date of retirement under the Pension Plan.

(b) An Employee who, on or after September 1, 1988, retires from employment with the Company on or after his 50th birthday, after completing 10 years of Vesting Service, after the sum of his age and years of Vesting Service, both calculated to the nearest month, equal 70 or more, and before his 65th birthday, shall be entitled to receive a lump sum benefit that is the actuarial equivalent (determined in accordance with Section 4.2 hereof) of a monthly supplemental benefit equal to the excess (if any) of

(i) (A) the retirement benefit described in Section 4.1(a)(i) hereof, plus

(B) a Temporary Retirement Benefit equal to the Employee's Primary Social Security Benefit, reduced, if applicable, by the actual amount of any unreduced Social Security benefit paid to the Employee, payable through the month in which the Employee attains age 62, provided that if the Employee has less than 25 years of Credited Service, the Temporary Retirement Benefit shall be prorated based on the proportion of 25 years of Credited Service that has been credited to the Employee at the time of his retirement; and provided further that

(C) retirement benefits prescribed by paragraph (A), above, and Temporary Retirement Benefits prescribed by paragraph (B), above, shall not exceed the following limitations:

I. Temporary Retirement Benefits payable to all Employees, and retirement benefits payable to all Employees who participated in the Retirement Income Plan as of December 31, 1983, and who had attained age 45 as of that date, shall not exceed the percentage of such benefits prescribed by the following schedule, based on the Employee's age on the date of retirement:

Age	Percentage
64	100%
63	100%
62	100%
61	95%
60	90%
59	85%
58	80%
57	75%
56	70%
55	65%
54	60%
53	55%
52	50%
51	45%
50	40%

II. Retirement benefits payable to all Employees who did not participate in the Retirement Income Plan on December 31, 1983, or who had not attained age 45 as of that date, shall not exceed the percentage of such benefits prescribed by the following schedule, based on the Employee's age on the date of retirement:

Age	Percentage
65	100%
64	95%
63	90%
62	85%
61	80%
60	75%
59	70%
58	65%
57	60%
56	55%
55	50%
54	45%
53	40%
52	35%
51	30%
50	25%

over

(ii) the sum of the monthly benefits he is entitled to receive from all Company-sponsored, funded, defined benefit pension plans and the Excess Plan, determined in each case on the basis of the assumption that the Employee's benefits under such plans are paid in the form of a single life annuity for the life of the Employee, commencing as of the Employee's date of retirement under the Pension Plan.

(c) Subject to the provisions of Section 4.2 hereof, the benefit payable pursuant to paragraph (a) or (b) of this Section 4.1, shall be paid in the form of a lump sum, payable as of the Employee's date of retirement under the Pension Plan.

(d) If an Employee dies before the date as of which benefits are scheduled to be paid or to commence hereunder, the Employee's surviving spouse (if any) shall be entitled to receive a lump sum benefit equal to 100 percent of the benefit to which the Employee would have been entitled under paragraph (c), above, if the Employee had retired on the date of his death.

(e) No benefits shall be paid hereunder with respect to an active Employee who is not married on the date of his death.

4.2. Form of Benefit Payments.

(a) An Employee eligible for a benefit under this Plan shall be entitled to receive his benefit in the form of an immediate lump sum payment. However, the Employee may request that his benefit be paid instead, concurrently with any benefit that the Employee is entitled to receive under the Excess Plan, pursuant to an optional form of payment that is used for the payment of the Employee's retirement benefit under the Pension Plan. The amount of the benefit payable pursuant to any form of payment under this paragraph (a) shall be determined by applying the mortality rates, interest assumptions, and other factors prescribed by the Retirement Income Plan that would be applicable to the form of payment that the Employee has requested under this Plan; provided that if a lump sum distribution is made hereunder, the amount of the lump sum distribution shall be equal to the excess of the amount determined under paragraph (i), below, over the amount determined under paragraph (ii), below:

(i) The total lump sum amount that is actuarially equivalent to the monthly supplemental benefit prescribed by Section 4.1(a)(i) or Section 4.1(b)(i), whichever is applicable, calculated using the basis described in subparagraph (i) or (ii), below, whichever produces the larger lump sum amount:

(A) the lump sum amount calculated on the basis of the "applicable interest rate" (as in effect for the November preceding the calendar year in which the calculation is made) and the "applicable mortality table", both as defined in Section 417(e) of the Code; or

(B) the lump sum amount calculated on the basis of an interest rate equal to 85% of a composite insurance company annuity rate provided by an actuary designated by the Plan Administrator (and provided by such actuary as of the December next preceding the calendar year in which the distribution is made), subject to the condition that the interest rate in effect for any such year may not differ from the rate in effect for the prior year by more than one-half of one percent, and also subject to the condition that any such rate shall be rounded to the nearest one-tenth of one percent (and if such rate is equidistant between the next highest and next lowest one-tenth of one percent, rounded to the next lowest one-tenth of one percent), and on the basis of the applicable mortality assumption for males under the 1971 Group Annuity Mortality Table.

(ii) The total lump sum distribution that he is entitled to receive under all Company-sponsored, funded, defined benefit pension plans and the Excess Plan, determined on the basis of the interest rate and mortality assumptions required by the terms of those plans.

(b) In addition to the distribution options available under paragraph (a) of this Section 4.2, an Employee eligible for a benefit under this Plan may request to receive his benefit in 120 monthly installments, regardless of whether the Employee has elected this form of payment for his retirement benefit under the Excess Plan or the Pension Plan. An Employee may elect the 120-month installment benefit only if his employment with the Company terminates on or after July 1, 1988. The Employee's lump sum benefit determined under Section 4.1 shall be converted to monthly installments using the "applicable interest rate" under Section 417(e) of the Code for the November preceding the calendar year in which the payments commence. If the Employee dies before 120 monthly payments have been made, there shall be paid to his beneficiary, commencing on the first day of the month following his death and continuing for the remainder of the 120-month period, the monthly benefit that had been paid to the Employee. No payments shall be made either to the Employee or to his beneficiary after 120 monthly payments have been made.

(c) If the Employee requests the 120-month installment option under paragraph (b), the Employee shall designate in writing a natural person (or persons) to be his beneficiary. The Employee may not designate a trust or his estate to be his beneficiary. If an Employee designates his spouse as his beneficiary and they thereafter divorce, such designation shall be automatically revoked. The Employee may change his beneficiary designation in writing at anytime before his installment payments commence, but he may not change his beneficiary designation after his payments commence. If the Employee dies after his installment payments have commenced and he is not survived by a designated beneficiary, the remaining monthly payments shall be paid to the Employee's estate. If the Employee is survived by a designated beneficiary, and the beneficiary dies before the complete disbursement of the payments due, the remaining monthly payments shall be paid to the beneficiary's estate.

(d) The Employee's written request to receive an optional form of payment under paragraph (a) or paragraph (b) instead of an immediate lump sum must be filed with the Vice President - Administration of the Company before the Employee's date of retirement under the Pension Plan. The request shall be granted or denied in the sole discretion of the Vice President - Administration of the Company. If the Employee is the Vice President - Administration of the Company, the duties of the Vice President - Administration of the Company under this Section 4.2 shall be discharged by the President of the Company.

Any post-retirement increase in the benefits being paid to an Employee under the Pension Plan shall also be applied on a comparable basis to any monthly supplemental benefits under this Plan.

4.3. Time and Duration of Benefit Payments. Benefits due under the Plan shall be paid coincident with the payment date of benefits under the Pension Plan, or at such other time or times as the Plan Administrator in his discretion determines. All supplemental benefits payable under this Plan shall cease as of the first day of the month following the Employee's death, except that payments may continue to the Employee's spouse or beneficiary following his death pursuant to an optional form of payment selected under Section 4.2.

4.4. Benefits Unfunded. The benefits payable under the Plan shall be paid by the Company each year out of its general assets and shall not be funded in any manner. The obligations that the Company incurs under this Plan shall be subject to the claims of the Company's other creditors having priority as to the Company's assets.

4.5. No Right to Transfer Interest. The Plan Administrator may recognize the right of an alternate payee named in a domestic relations order to receive all or a portion of an Employee's benefit under this Plan, provided that (a) the domestic relations order would be a "qualified domestic relations order" within the meaning of Section 414(p) of the Code if Section 414(p) were applicable to the Plan; (b) the domestic relations order does not purport to give the alternate payee any right to assets of the Company or its affiliates; and (c) the domestic relations order does not purport to give the alternate payee any right to receive payments under the Plan before the Employee is eligible to receive such payments. If the domestic relations order purports to give the alternate payee a share of a benefit to which the Employee currently has a contingent or nonvested right, the alternate payee shall not be entitled to receive any payment from the Plan with respect to the benefit unless the Employee's right to the benefit becomes nonforfeitable. Except as set forth in the preceding two sentences with respect to domestic relations orders, and except as required under applicable Federal, state or local laws concerning the withholding of tax, rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge, or otherwise encumber any such supplemental benefit, whether currently or thereafter payable, shall be void.

4.6. Successors to the Corporation. This Plan shall be binding upon and inure to the benefit of 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).

4.7. Change in Control. Anything hereinabove in this Article IV or elsewhere in this Plan to the contrary notwithstanding:

(a) Lump sum payment. Upon the occurrence of a Change in Control, each Employee and each Employee's spouse or beneficiary following his death who are receiving benefits under the Plan ("Recipient") shall receive, on account of future payments of any and all benefits due under the Plan, a Lump Sum Payment, so that each such Employee or Recipient will receive substantially the same amount of after-tax income as before the Change in Control, determined as set forth in paragraph (c) of this Section 4.7.

(b) Certain matters following a lump sum payment. An Employee who has received a Lump Sum Payment pursuant to paragraph (a) of this Section 4.7 shall, thereafter (i) while in the employ 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 Change in Control, 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; otherwise, the Specified Rate shall be used.

(c) Determination of lump sum payment. The Lump Sum Payment referred to in paragraph (a) of this Section 4.7 shall be determined by multiplying the annuity certain factor (for monthly payments at the beginning of each month) based on the Benefit Payment Period and the Net Specified Rate by the monthly benefit (adjusted for assumed future benefit adjustments due to Social Security and Code Section 415 changes in the Pension Plan) to be paid to the Employee or Recipient under the Plan.

4.8. Taxation. Notwithstanding anything in the Plan to the contrary, if the Internal Revenue Service determines that the Participant is subject to Federal income taxation on an amount in respect of any benefit provided by the Plan before the distribution of such amount to him, the Company shall forthwith pay to the Participant all (or the balance) of such amount as is includible in the Participant's Federal gross income and shall correspondingly reduce future payments, if any, of the benefit. Except as provided in Section 4.7 with respect to payments after a Change in Control, the Company shall not reimburse the Employee or any Recipient for any tax, interest, or penalty that the Employee or Recipient owes with respect to any payment from the Plan.

ARTICLE V

AMENDMENT, TERMINATION AND INTERPRETATION

5.1. Amendment and Termination. The Company reserves the right, by action of the Board, to amend, modify or terminate, either retroactively or prospectively, any or all of the provisions of this Plan without the consent of any Employee or beneficiary; provided, however, that no such action on its part shall adversely affect the rights of an Employee and his beneficiaries without the consent of such Employee (or his beneficiaries, if the Employee is deceased) with respect to any benefits accrued prior to the date of such amendment, modification, or termination of the Plan if the Employee has at that time a non-forfeitable right to benefits under a funded, defined benefit pension plan sponsored by the Company.

5.2. Interpretation. The Plan Administrator shall have the discretionary authority 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. In addition, any interpretations and decisions made by the Plan Administrator shall be final, conclusive and binding upon the persons who have or who claim to have any interest in or under the Plan.

IN WITNESS WHEREOF, Dana Corporation has executed this restated Plan effective as of December 14, 1998.

/s/ Martin J. Strobel

Dana Corporation

/s/ Mark A. Smith, Jr.
- ----------------------
Attest

DANA CORPORATION SUPPLEMENTAL BENEFITS PLAN
APPENDIX A

A.1 Purpose. The purpose of this Appendix A is to provide supplemental benefits to certain individuals who are not otherwise eligible for benefits under the Plan. Except to the extent that a contrary rule is expressly set forth below, capitalized terms used in Appendix A shall have the meaning set forth in Article I of the Plan, and the benefits provided under Appendix A shall be subject to the administrative provisions set forth in Sections 4.2 through 4.8 of Article IV and Sections 5.1 and 5.2 of Article V (construed as if the term "Employee" in those sections referred to an individual who is eligible for a benefit under this Appendix A).

A.2 Eligibility. An individual is eligible for a supplemental retirement benefit under this Appendix A if the individual meets all of the following criteria on the date of his retirement from the Company and its affiliates (or if he meets the criteria in paragraphs (a) through (c) on the date of a Change in Control, if earlier):

(a) The individual is not eligible for a supplemental retirement benefit under any provision of the Plan other than this Appendix A.

(b) The individual has reached his 50th birthday and has completed at least 10 years of Vesting Service; and the sum of the individual's age and years of Vesting Service, both calculated to the nearest month, equals 70 or more.

(c) The individual is a U.S.-based member of the "A" Group or the "B" Group, as defined by the Compensation Committee of the Board, and is a management employee or a highly-compensated employee.

(d) The individual retires on or after January 1, 1996 and before January 1, 2010.

A.3 Amount of Benefit. The amount of an individual's supplemental retirement benefit under Appendix A shall be the initial benefit determined under paragraph (a), multiplied by the percentage specified in paragraph (b), and reduced as provided in paragraph (c).

(a) The individual's initial benefit shall be the normal retirement benefit or early retirement benefit that the individual would have received under the Retirement Income Plan if the provisions of that Plan had remained in effect through the individual's retirement date, with the modification described in the following sentence. For purposes of applying the Retirement Income Plan formula, the individual's "Final Monthly Earnings" shall be the average of his Earnings during the five consecutive calendar years out of the last ten years of his active employment with the Company in which the average was the highest.

(b) The percentage applied to the individual's initial benefit shall be determined according to the calendar year in which the individual retires, as follows:

Year in Which Individual Retires	Applicable Percentage
1996 - 1999	90%
2000 - 2004	80%
2005 - 2009	70%
After 2009	0%

(c) The benefit determined under this Section A.3 shall be calculated as a single-life annuity, and shall be reduced by the sum of the monthly benefits that the individual is entitled to receive from any source listed in subparagraphs (i), (ii), or (iii), below, determined in each case on the basis of the assumption that the individual's benefits under such sources are paid in the form of a single-life annuity for the life of the individual, commencing as of the individual's date of retirement under the Pension Plan:

(i) all funded defined benefit pension plans sponsored by the Company and its affiliates; and

(ii) all unfunded, nonqualified deferred compensation plans sponsored by the Company and its affiliates (including, but not limited to, the Excess Plan), with the sole exception of the Dana Corporation Additional Compensation Plan; and

(iii) any supplemental retirement benefit provided under an employment contract, or under any other contract or agreement, between the individual and the Company or any affiliate.

A.4 Form of Payment.

(a) An individual shall be entitled to receive his benefit under this Appendix A in the manner provided in Section 4.2 of the Plan. If the individual elects to receive a lump sum payment, however, the lump sum payment shall be calculated as provided in paragraph (b), below, rather than as provided in Section 4.2 of the Plan.

(b) The single-life annuity determined under paragraphs (a) and (b) of Section A.3 shall be converted to a lump sum present value on the basis of the "applicable interest rate" (as in effect for the November preceding the calendar year in which the calculation is made) and the "applicable mortality table", both as defined in Section 417(e) of the Code. The lump sum determined under the preceding sentence of this Section A.4 shall be reduced by the lump sum present value of all benefits that the individual is entitled to receive from all sources described in paragraph (c) of Section A.3, determined in each case on the basis of the interest rate and mortality assumptions required for lump sum calculations by the terms of those plans or agreements (or, if no such interest rates or mortality assumptions are specified in the plan or agreement, on the basis of the interest rate and mortality assumptions set forth in the first sentence of this paragraph (b)).

A.5 Pre-retirement Death Benefit. Effective March 1, 1998, if an individual dies before his benefit under this Appendix A commences or is paid, the individual's surviving spouse (if any) shall be entitled to receive a lump-sum benefit equal to 100% of the benefit to which the individual would have been entitled under paragraph A.3, above, subject to the reductions described in paragraph A.3(c), as if the individual had retired on the date of his death.

Exhibit 13

FINANCIAL FOCUS

Dear Shareholders,

Our company achieved another record year in sales and profit during 1998. This strong performance enabled us to enjoy higher operating margins and higher net cash flow from operating activities.

We continue to focus on our "Beyond 2000" strategic plan and on reaching and maintaining "best in class" operating efficiencies and profit margins. The result is a stronger company with a solid balance sheet, a company that is very well positioned to reach its growth objectives by investing in its core products and technologies, and a company able to pursue other strategic opportunities to sustain profitable growth.

Cash flow is especially important as our industry continues to consolidate. Dana people have the focus, resolve, and motivation to successfully execute our global sourcing and synergy plans, to streamline our distribution operations, to improve our capital efficiency, and to increase cash flow.

NET CASH FLOWS
FROM OPERATING ACTIVITIES*

23% CAGR

1995	1996	1997	1998
$448	$738	$775	$835

* Excluding Dana Commercial Credit

Our "Beyond 2000" goals provide a framework for a determined effort to take advantage of Dana's global opportunities. We have set the bar high--with aggressive financial performance targets, customer commitments, and growth goals. Reaching these goals will enable us to achieve the superior returns we believe are available to all Dana shareholders.

[Picture of John S. Simpson]

Sincerely,

/s/ John S. Simpson
John S. Simpson
Executive Vice President
and Chief Financial Officer

[LOGO]

MANAGEMENT AND INDEPENDENT ACCOUNTANTS' REPORT

RESPONSIBILITY FOR FINANCIAL STATEMENTS

We have prepared the accompanying consolidated financial statements and related information included herein for the three years ended December 31, 1998.

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 of only 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 H. Woodward, Jr.

James H. Woodward, Jr.
Vice President and Corporate Controller

/s/ John S. Simpson

John S. Simpson
Executive Vice President
and Chief Financial Officer

Report Of Independent Accountants

[PRICEWATERHOUSECOOPERS 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 22 through 39, present fairly, in all material respects, the financial position of Dana Corporation and its subsidiaries at December 31, 1997 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, 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.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Toledo, Ohio
January 25, 1999

DANA CORPORATION

STATEMENT OF INCOME

in millions except per share amounts

	Year Ended December 31		
	1996	1997	1998
NET SALES	$ 10,978.8	$ 11,911.0	$ 12,463.6
Revenue from lease financing	151.0	172.5	172.9
Other income, net	52.6	318.9	202.2
	11,182.4	12,402.4	12,838.7
Costs and expenses			
Cost of sales	9,158.1	10,067.0	10,449.1
Selling, general and administrative expenses	1,112.0	1,152.2	1,122.5
Restructuring and integration charges		327.6	117.7
Merger expenses			49.6
Interest expense	203.5	251.4	279.6
	10,473.6	11,798.2	12,018.5
Income before income taxes	708.8	604.2	820.2
Estimated taxes on income	238.5	293.8	315.6
Income before minority interest and equity in earnings of affiliates	470.3	310.4	504.6
Minority interest	(32.8)	(22.4)	(7.9)
Equity in earnings of affiliates	13.4	32.1	37.4
NET INCOME	$ 450.9	$ 320.1	$ 534.1
NET INCOME PER COMMON SHARE			
Basic income per share	$ 2.83	$ 1.97	$ 3.24
Diluted income per share	$ 2.81	$ 1.94	$ 3.20
Cash dividends declared and paid per common share	$ .98	$ 1.04	$ 1.14
Average shares outstanding - Basic	159.5	162.7	165.1
Average shares outstanding - Diluted	160.3	164.6	167.0

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

LOGO
DANA CORPORATION

BALANCE SHEET

in millions except per share amounts

	December 31 1997	1998
ASSETS		
Current assets		
Cash and cash equivalents	$ 422.7	$ 230.2
Accounts receivable		
Trade, less allowance for doubtful accounts of $33.9 - 1997 and $40.5 - 1998	1,439.4	1,616.9
Other	148.5	193.8
Loans receivable, current	89.8	83.9
Investment in leases, current	254.3	16.7
Inventories	1,575.3	1,731.6
Other current assets	355.3	463.9
Total current assets	4,285.3	4,337.0
Investments and other assets	1,373.3	1,644.8
Investment in leases	1,075.8	851.9
Property, plant and equipment, net	2,776.7	3,303.8
Total assets	$ 9,511.1	$ 10,137.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable, including current portion of long-term debt	$ 1,693.0	$ 1,698.1
Accounts payable	759.7	995.6
Accrued payroll and employee benefits	357.9	264.9
Other accrued liabilities	924.2	873.4
Taxes on income	59.2	154.6
Total current liabilities	3,794.0	3,986.6
Deferred employee benefits and other noncurrent liabilities	1,171.3	1,337.5
Long-term debt	1,789.8	1,717.9
Minority interest in consolidated subsidiaries	153.6	156.3
Total liabilities	6,908.7	7,198.3
Shareholders' equity		
Common stock, $1 par value, shares authorized, 350.0; shares issued, 163.8 - 1997 and 165.7 - 1998	163.8	165.7
Additional paid-in capital	539.8	591.0
Retained earnings	2,104.4	2,454.5
Accumulated other comprehensive income	(205.6)	(272.0)
Total shareholders' equity	2,602.4	2,939.2
Total liabilities and shareholders' equity	$ 9,511.1	$ 10,137.5

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

DANA CORPORATION

STATEMENT OF CASH FLOWS

in millions

	Year Ended December 31		
	1996	1997	1998
Net cash flows from operating activities	$ 902.5	$ 929.1	$ 795.6
Cash flows from investing activities:			
Purchases of property, plant and equipment	(469.0)	(579.1)	(661.4)
Purchases of assets to be leased	(426.3)	(452.3)	(546.4)
Acquisitions	(301.9)	(601.0)	(829.0)
Divestitures	21.7	490.5	1,039.4
Changes in investments and other assets	(35.8)	(79.3)	(95.7)
Loans made to customers and partnerships	(98.5)	(115.3)	(232.0)
Payments received on leases	209.7	250.4	265.0
Proceeds from sales of certain assets	73.1	33.6	9.5
Proceeds from sales of leased assets	20.3	26.0	90.8
Payments received on loans	20.8	155.0	227.9
Other	32.6	(5.3)	(2.3)
Net cash flows - investing activities	(953.3)	(876.8)	(734.2)
Cash flows from financing activities:			
Net change in short-term debt	(104.2)	(247.5)	54.3
Issuance of long-term debt	743.9	939.2	472.5
Payments on long-term debt	(372.5)	(461.2)	(623.7)
Sale of accounts receivable	75.0		
Dividends paid	(152.9)	(164.8)	(198.3)
Other	12.9	33.2	41.3
Net cash flows - financing activities	202.2	98.9	(253.9)
Net increase (decrease) in cash and cash equivalents	151.4	151.2	(192.5)
Cash and cash equivalents - beginning of year	120.1	271.5	422.7
Cash and cash equivalents - end of year	$ 271.5	$ 422.7	$ 230.2

Reconciliation of net income to net cash flows from operating activities:			
Net income	$ 450.9	$ 320.1	$ 534.1
Depreciation and amortization	376.6	450.3	487.7
Unremitted earnings of affiliates	(13.3)	(19.0)	(33.4)
Deferred income taxes	106.8	2.5	64.6
Minority interest	26.5	14.7	12.4
Change in accounts receivable	1.9	(64.7)	(162.4)
Change in inventories	(24.9)	74.6	(71.5)
Change in other operating assets	39.4	9.1	16.8
Change in operating liabilities	(56.7)	274.9	12.5
Additions to lease and loan loss reserves	11.0	12.3	19.8
Gains on divestitures	(7.4)	(162.4)	(80.0)
Other	(8.3)	16.7	(5.0)
Net cash flows from operating activities	$ 902.5	$ 929.1	$ 795.6

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

DANA CORPORATION

STATEMENT OF SHAREHOLDERS' EQUITY

in millions

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME: FOREIGN CURRENCY TRANSLATION	MINIMUM PENSION LIABILITY	NET UNREALIZED INVESTMENT GAIN/(LOSS)	SHAREHOLDERS' EQUITY
Balance, December 31, 1995	$ 159.0	$ 420.1	$ 1,649.4	$ (152.0)	$ (13.5)	$ --	$ 2,063.0
Comprehensive income:							
Net income for 1996			450.9				
Foreign currency translation				13.4			
Minimum pension liability					13.5		
Net unrealized investment gains						2.4	
Total comprehensive income							480.2
Cash dividends declared			(154.4)				(154.4)
Issuance of shares for defined benefit pension plans	1.0	30.1					31.1
Cost of shares reacquired	(.2)	(5.1)					(5.3)
Issuance of shares for director and employee stock plans	.7	14.0					14.7
Issuance of shares in connection with acquisitions	.5	1.0	3.9				5.4
Balance, December 31, 1996	161.0	460.1	1,949.8	(138.6)	--	2.4	2,434.7
Comprehensive income:							
Net income for 1997			320.1				
Foreign currency translation				(71.4)			
Minimum pension liability					(2.3)		
Net unrealized investment gains						4.3	
Total comprehensive income							250.7
Cash dividends declared			(165.2)				(165.2)
Issuance of shares for defined benefit pension plans	1.0	30.8					31.8
Cost of shares reacquired	(.4)	(13.1)					(13.5)
Issuance of shares for employee stock plans	1.7	44.5					46.2
Issuance of shares in connection with acquisitions	.5	17.5	(.3)				17.7
Balance, December 31, 1997	163.8	539.8	2,104.4	(210.0)	(2.3)	6.7	2,602.4
COMPREHENSIVE INCOME:							
NET INCOME FOR 1998			534.1				
FOREIGN CURRENCY TRANSLATION				(53.7)			
MINIMUM PENSION LIABILITY					(8.6)		
NET UNREALIZED INVESTMENT LOSSES						(4.1)	
TOTAL COMPREHENSIVE INCOME							467.7
CASH DIVIDENDS DECLARED			(184.0)				(184.0)
COST OF SHARES REACQUIRED	(.3)	(14.3)					(14.6)
ISSUANCE OF SHARES FOR DIRECTOR AND EMPLOYEE STOCK PLANS	2.2	65.5					67.7
BALANCE, DECEMBER 31, 1998	$ 165.7	$ 591.0	$ 2,454.5	$ (263.7)	$ (10.9)	$ 2.6	$ 2,939.2

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

DANA CORPORATION

NOTES TO FINANCIAL STATEMENTS

in millions except share and per share amounts

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dana Corporation is a global leader in the engineering, manufacturing and distribution of components and systems for worldwide vehicular and industrial manufacturers. 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. Some of the more significant estimates include depreciation and amortization of long-lived assets, deferred tax asset and inventory valuations, environmental and warranty reserves, postemployment and postretirement benefits, residual values of leased assets and allowances for doubtful accounts. 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 1996 and 1997 have been reclassified to conform with the 1998 presentation.

PRINCIPLES OF CONSOLIDATION

Dana's financial statements include all significant subsidiaries in which Dana has the ability to exercise significant influence over operating and financial policies. The accounts of certain non-U.S. subsidiaries are included for fiscal years ended November 30. Affiliated companies (20% to 50% ownership) are generally recorded in the 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. Less than 20%-owned companies are included in the financial statements at the cost of Dana's investment. Dividends, royalties and fees from these cost basis affiliates are recorded in Dana's financial statements when received.

FOREIGN CURRENCY TRANSLATION

The financial statements of the Company's subsidiaries and equity affiliates outside the United States (U.S.), located in non-highly inflationary economies, are measured using the currency of the primary economic environment in which they operate as the functional currency, which, for the most part, is the local 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 deferred as a component of accumulated other comprehensive income in shareholders' equity. For affiliates operating in highly inflationary economies, 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. Except for inventories held by the former Echlin facilities, cost is generally determined on the last-in, first-out basis for U.S. inventories. The cost of other inventories, including those held by non-U.S. entities, is determined on the first-in, first-out or average cost basis.

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 net 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 inherent risk. Resulting adjustments to the allowance for losses are made to adjust the 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 partnerships in which DCC has an interest and loans secured by equipment and first mortgages on real property. The loans to partnerships are secured by the partnerships' assets. Income on all loans is recognized using the interest method. Interest income on impaired loans is recognized either as cash is collected or on a cost recovery basis as conditions warrant.

ALLOWANCE FOR LOSSES ON LOANS RECEIVABLE

Provisions for losses on loans receivable are determined on the basis of loss experience and assessment of inherent 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.

REVENUE RECOGNITION

The Company recognizes sales when products are shipped. Accruals for warranty costs, sales returns and other allowances are provided at the time of shipment based upon experience. Adjustments are made as facts and circumstances dictate.

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 differently between the financial statements and the tax returns. 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 are valued at historical costs. Depreciation is recognized 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, 1997 and 1998, 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 terms of the agreements and unamortized premiums are included in other assets.

DCC had an interest rate-based option which it marked to market and included in other liabilities. Changes in the fair value of this instrument were reported in other income.

Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued in June 1998 and requires, among other things, that all derivative instruments be recognized on the balance sheet at fair value. SFAS No. 133 will be adopted in 2000 and is not expected to have a material effect on the financial statements.

ENVIRONMENTAL COMPLIANCE AND REMEDIATION

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to existing conditions 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. 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.

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.

DANA CORPORATION

NOTES TO FINANCIAL STATEMENTS

in millions except share and per share amounts

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

MARKETABLE SECURITIES

The majority of the Company's marketable securities satisfy the criteria for cash equivalents and are classified accordingly. The Company classifies the remainder of its marketable securities as available for sale. Available for sale securities, which are included in investments and other assets, are carried at fair value and any unrealized gains or losses, net of income taxes, are reported as a component of accumulated other comprehensive income in shareholders' equity.

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, no compensation cost for stock options is recorded at the time of issuance, as the option price is set at the market price of the Company's stock at the date of grant.

NOTE 2. BUSINESS COMBINATION

On July 9, 1998, Dana Corporation completed a merger with Echlin Inc. by exchanging 59.6 million shares of its common stock for all of the common stock of Echlin. Each share of Echlin was exchanged for .9293 of one share of Dana common stock. In addition, outstanding Echlin stock options were converted at the same exchange ratio into options to purchase approximately 1.8 million shares of Dana common stock.

The merger has been accounted for as a pooling of interests and accordingly all prior period consolidated financial statements have been restated to include the combined results of operations, financial position and cash flows of Echlin.

Prior to the merger Echlin's fiscal year ended on August 31. In recording the business combination, Echlin's prior period financial statements have been restated to conform with Dana's year end.

The following information presents certain income statement data of the separate companies for the periods preceding the merger:

	1996	1997	Six Months Ended June 30, 1998 (Unaudited)
Net sales			
Dana	$ 7,686.3	$ 8,290.8	$ 4,690.5
Echlin	3,292.5	3,620.2	1,778.9
	$ 10,978.8	$ 11,911.0	$ 6,469.4
Net income (loss)			
Dana	$ 306.0	$ 369.1	$ 223.6
Echlin	144.9	(49.0)	77.2
	$ 450.9	$ 320.1	$ 300.8

There were no material transactions between Dana and Echlin prior to the merger. The effects of conforming Echlin's accounting policies to those of Dana were not material.

NOTE 3. COMMON SHARES

In connection with employee stock plans, Dana reacquired 171,770 shares in 1996, 406,616 in 1997 and 299,082 in 1998.

In 1996 and in 1997, Dana contributed 1,000,000 shares of common stock to the Dana Corporation Pension Plans Trust.

The following summarizes the common stock transactions for 1996, 1997 and 1998:

	1996	1997	1998
Outstanding at beginning of year	159,046,494	161,010,241	163,810,306

Issued for acquisitions	475,126	493,559	
Issued for director and employee stock plans	660,391	1,713,122	2,179,620
Issued for defined benefit pension plans	1,000,000	1,000,000	
Reacquired and retired	(171,770)	(406,616)	(299,082)
Outstanding at end of year	161,010,241	163,810,306	165,690,844
Average outstanding for the year (basic)	159,487,978	162,743,602	165,057,443
Plus: Incremental shares from assumed conversion of -			
Deferred compensation units	19,971	424,615	476,197
Deferred restricted stock units		6,357	27,917
Stock options	753,955	1,402,763	1,480,967
Potentially dilutive shares	773,926	1,833,735	1,985,081
Adjusted average shares outstanding for the year (diluted)	160,261,904	164,577,337	167,042,524

There are 10,000,000 common shares reserved for issuance in the event that the Company issues debt securities with exchange, conversion or redemption rights under its universal shelf registration statements.

NOTE 4. PREFERRED SHARE PURCHASE RIGHTS

Under Dana's Preferred Share Purchase Rights Plan (Rights Plan), which is designed to deter coercive or unfair takeover tactics, one Preferred Share Purchase Right (Right) has been issued on each share of Dana common stock outstanding on and after July 25, 1996. Each Right entitles the holder to purchase 1/1000th of a share of Dana Series A Junior Participating Preferred Stock, no par value, under certain circumstances. The Rights have no voting rights and will expire on July 15, 2006, unless exercised, redeemed or exchanged sooner.

[DANA LOGO]

Generally, the Rights will not be exercisable (or transferable apart from the Dana common shares to which they are attached) unless a person or group (Acquiring Person) becomes the beneficial owner of 15% or more of Dana's outstanding common shares or commences a tender offer that would result in its acquisition of a 15% position. In that event, the Rights will become exercisable (except those owned by the Acquiring Person, which will become void), entitling the holder of each Right to purchase, for $110 per share (subject to adjustment, the Purchase Price), a number of Dana common shares having a market value equal to two times the Purchase Price.

In addition, if Dana engages in certain mergers with or sells 50% or more of its assets or earning power to an Acquiring Person (or persons acting for or with an Acquiring Person), or engages in similar transactions, the Rights will become exercisable (except those owned by the Acquiring Person, which will become void), entitling the holder of each Right to purchase a number of common shares of the acquiring or surviving company having a market value (as determined under the Rights Plan) equal to two times the Purchase Price.

Dana's Board may redeem the Rights at a price of $.01 each at any time before any person or group acquires 15% or more of Dana's common shares. If any person or group becomes an Acquiring Person, but acquires less than 50% of Dana's common shares, the Board may exchange each Right for one share of Dana common stock.

NOTE 5. 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 Plan. At December 31, 1998, no shares of preferred stock had been issued.

NOTE 6. INVENTORIES

The components of inventory are as follows:

	December 31 1997	December 31 1998
Raw materials	$ 420.1	$ 470.6
Work in process and finished goods	1,155.2	1,261.0
	$ 1,575.3	$ 1,731.6

Inventories amounting to $467.7 and $579.6 at December 31, 1997 and 1998, respectively, were valued using the LIFO method. If all inventories were valued at replacement cost, inventories would be increased by $125.4 and $127.0 at December 31, 1997 and 1998, respectively.

NOTE 7. NON-U.S. OPERATIONS

The following is a summary of the significant financial information of Dana's consolidated non-U.S. subsidiaries:

	December 31 1996	December 31 1997	December 31 1998
Assets	$ 3,306.2	$ 3,533.6	$ 3,635.2
Liabilities	1,888.8	1,905.0	1,512.5
Net sales	3,158.9	3,498.5	3,679.7
Net income	171.4	159.3	186.3
Dana's equity in:			
Net assets	1,245.8	1,394.5	1,974.0
Net income	140.2	140.4	180.5

Cumulative undistributed earnings of non-U.S. subsidiaries for which U.S. income taxes, exclusive of foreign tax credits, have not been provided approximated $903.9 at December 31, 1998. Management intends to permanently reinvest undistributed earnings of Dana's non-U.S. subsidiaries; accordingly, no U.S. income taxes have been provided on these undistributed earnings. If the total undistributed earnings of non-U.S. subsidiaries had been remitted in 1998, a significant amount of the additional tax provision would have been offset by foreign tax credits.

Dana's consolidated non-U.S. subsidiaries are located throughout the world with no individual subsidiary or the aggregate of all subsidiaries within a given country accounting for more than 10% of consolidated sales or assets. The functional currency of the Company's non-U.S. 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 and fixed assets or to sell nonfunctional currency receipts. Currency forward and option contracts in the aggregate are not material.

Dana has equity interests in a number of affiliated companies in Mexico, South America, Asia and Europe. The following is a summary of the significant financial information of affiliated companies accounted for on the equity method:

	December 31		
	1996	1997	1998
Current assets	$ 371.4	$ 355.8	$ 375.7
Other assets	272.6	276.4	297.7
Current liabilities	349.3	243.2	216.1
Other liabilities	180.3	132.4	172.5
Shareholders' equity	114.4	256.6	284.8
Net sales	743.1	803.9	889.2
Gross profit	125.2	159.2	181.9
Net income	21.1	56.2	63.8
Dana's equity in:			
Net assets	61.1	114.4	128.4
Net income	10.7	26.8	30.4

DANA CORPORATION

NOTES TO FINANCIAL STATEMENTS

in millions except share and per share amounts

NOTE 8. INVESTMENTS IN PARTNERSHIPS

DCC has ownership interests in several partnerships which are accounted for under the equity method. In certain of these partnerships, DCC has ownership interests exceeding 50%; however, they are not consolidated because DCC has no general partner interest and only limited ability to control the partnerships' activities. The partnerships are involved primarily in the leasing or financing of equipment or real estate to commercial entities. DCC's share of earnings of partnerships is included in income as earned. The investment in partnerships is reduced as distributions are received.

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

	December 31		
	1996	1997	1998
Assets	$ 203.0	$ 398.1	$ 460.4
Liabilities	148.9	329.3	379.5
Partners' capital	54.1	68.8	80.9
Revenue	78.0	64.3	101.0
Net income	7.0	11.2	21.9
DCC's investments in partnerships	25.8	75.1	160.5
DCC's earnings from investments in partnerships	2.7	3.2	5.7

The investments in partnerships include $19.2 and $37.1 at December 31, 1997 and 1998, respectively, representing amounts invested in excess of DCC's share of the partnerships' book basis in net assets, net of amortization. These amounts are amortized against earnings from partnerships over the expected investment lives of the partnerships.

NOTE 9. SHORT-TERM DEBT

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

At December 31, 1998, Dana, excluding DCC, had $355.0 of commercial paper outstanding, $115.0 borrowed against uncommitted bank lines, $568.0 of U.S. notes, $31.7 of non-U.S. notes and $97.8 of notes payable at its non-U.S. subsidiaries. DCC had $15.2 of commercial paper issued, $128.7 of U.S. notes and $10.0 of non-U.S. notes.

Dana, excluding DCC, and DCC had committed borrowing lines of $1,250.0 and $412.5, respectively, and uncommitted borrowing lines of $502.0 and $275.0 at December 31, 1998. 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, 1997	$ 1,255.6	5.5%
Average during 1997	1,236.9	5.6
Maximum during 1997 (month end)	1,501.1	5.8
BALANCE AT DECEMBER 31, 1998	$ 1,321.4	5.8%
AVERAGE DURING 1998	1,368.9	5.8
MAXIMUM DURING 1998 (MONTH END)	1,575.6	5.8

The Company has an agreement with a financial institution under which it may sell, without recourse, up to $200 in undivided fractional interests in designated pools of trade receivables. Accounts receivable at December 31, 1997 and 1998 are presented net of the $200 of trade receivables sold under this agreement.

NOTE 10. LONG-TERM DEBT

	December 31 1997	December 31 1998
Dana, excluding consolidated subsidiaries, indebtedness --		
Unsecured notes payable, fixed rates - 5.44% - 7.04%, due 1999 to 2002	$ 1,120.0	$ 960.0
7.0% notes, due March 15, 2028		200.0
6.5% notes, due March 15, 2008		150.0
Unsecured notes payable, variable rates	60.0	
Various industrial revenue bonds and other	7.8	4.5
DCC indebtedness --		
Unsecured notes payable, fixed rates, 5.98% - 8.44%, due 1999 to 2007	378.6	335.5
Unsecured notes payable, variable rates, 5.35% - 5.80%, due 1999 to 2002	525.1	320.0
Nonrecourse notes payable, fixed rates, 6.80% - 12.05%, due 1999 to 2010	58.2	66.4
Indebtedness of other consolidated subsidiaries	77.5	58.2
Total long-term debt	2,227.2	2,094.6
Less: Current maturities	437.4	376.7
	$ 1,789.8	$ 1,717.9

Interest paid on short-term and long-term debt was $193.6, $236.2 and $282.6 during 1996, 1997 and 1998, respectively.

The aggregate amounts of maturities of all long-term debt for each of the five years succeeding December 31, 1998 are as follows: 1999, $376.7; 2000, $444.5; 2001, $379.7; 2002, $278.3 and 2003, $9.3.

Under universal shelf registration statements filed in December 1997 and December 1998, the Company was authorized to issue debt or equity securities, or a combination thereof, in an aggregate amount not to exceed $1,350. In March 1998, the Company issued $200 of 7.0% unsecured notes due March 15, 2028 and $150 of 6.5% unsecured notes due March 15, 2008.

NOTE 11. INTEREST RATE AGREEMENTS

The Company enters into interest rate agreements to manage interest rate risk, thereby reducing exposure to future interest rate movements. Under interest rate swap agreements, the parties agree 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, 1998, DCC was committed to receive an average variable rate of 5.24% and pay an average fixed rate of 7.26% on notional amounts of $250. DCC's notional amounts of interest rate swaps expire as follows: 1999, $60.0; 2000, $125.0; 2001, $30.0 and 2002, $35.0. Dana, exclusive of DCC, was not a party to any interest swap agreements at December 31, 1998.

To reduce its interest rate obligations under a swap agreement having a notional amount of $70.0, DCC had granted the counterparty an option, expiring in 2000, to extend the original maturity to 2007 at a fixed rate to DCC of 9%. This option, which had been marked to market, was terminated on June 30, 1998 by payment of the recorded liability of $11.0 to the counterparty.

NOTE 12. STOCK OPTION PLANS

The Company's 1992 and 1997 Stock Option Plans provide for the granting of options to designated employees at prices no less than 100% of the market value at the date of grant. 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.

The following summarizes the stock option activity under these plans in 1996, 1997 and 1998:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at December 31, 1995	6,695,544	$ 25.01
Granted - 1996	1,621,079	28.82
Exercised - 1996	(559,211)	19.87
Cancelled - 1996	(33,266)	29.68
Outstanding at December 31, 1996	7,724,146	$ 26.15
Granted - 1997	2,258,199	37.96
Exercised - 1997	(1,627,188)	22.78
Cancelled - 1997	(127,549)	29.76
Outstanding at December 31, 1997	8,227,608	$ 30.01
Granted - 1998	2,519,524	48.14
Exercised - 1998	(2,062,466)	25.17
Cancelled - 1998	(174,009)	35.89
Outstanding at December 31, 1998	8,510,657	$ 36.43

RANGE OF EXERCISE PRICES	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$11.02-$27.56	980,084	3.6	$22.37	980,084	$22.37
28.13- 37.52	3,909,864	7.2	31.80	3,326,564	32.45
38.44- 52.56	3,620,709	9.2	45.22	1,101,685	38.55
	8,510,657	7.6	$36.43	5,408,333	$31.87

At December 31, 1998, 637,212 shares were available for future grants.

No expense has been charged to income relating to these stock options. If the fair value method of accounting for stock options prescribed by SFAS No. 123 had been used, the after-tax expense relating to the stock options would have been $3.3 in 1996, $5.6 in 1997 and $11.8 in 1998. Pro forma net income and earnings per share would have been as follows:

	1996	1997	1998
Net Income	$ 447.6	$ 314.5	$ 522.3
Basic EPS	2.81	1.93	3.16
Diluted EPS	2.79	1.91	3.13

The above pro forma effect on net income might not be consistent with the pro forma effect on net income that will be disclosed for future years because it does not take into consideration pro forma compensation expense relating to grants made prior to 1995.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes model with the following assumptions:

	1996	1997	1998
Risk-free interest rate	6.13 - 6.5%	6.1- 6.2%	4.24 - 5.52%
Dividend yield	2.5 - 3.0%	2.6%	2.21 - 2.87%
Expected life	5.4 - 5.5 years	5.3 years	5.4 years
Stock price volatility	20.5 - 27.3%	19.6 - 21.3%	30.1 - 33.7%

The Company also has a Directors' Stock Option Plan for non-employee directors. This plan provides for the automatic granting of options at prices equal to the market value at the date of grant. The options are exercisable after one year for a period not to exceed ten years from date of grant.

DANA CORPORATION

NOTES TO FINANCIAL STATEMENTS

in millions except share and per share amounts

NOTE 12. STOCK OPTION PLANS (CONTINUED)

The following summarizes the stock option activity under this plan in 1996, 1997 and 1998:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at December 31, 1995	63,000	$ 26.01
Granted - 1996	21,000	32.25
Exercised - 1996	(6,000)	26.56
Cancelled - 1996	(3,000)	24.81
Outstanding at December 31, 1996	75,000	$ 27.76
Granted - 1997	24,000	31.81
Outstanding at December 31, 1997	99,000	28.74
Granted - 1998	24,000	60.09
Exercised - 1998	(3,000)	24.25
Outstanding at December 31, 1998	120,000	$ 35.12

RANGE OF EXERCISE PRICES	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$24.25- $32.25	96,000	6.6	$28.88	96,000	$28.88
60.09- 60.09	24,000	9.3	60.09		
	120,000	7.1	$35.12	96,000	$28.88

At December 31, 1998, 148,000 shares were available for future grants.

The non-employee directors of Echlin participated in the 1996 Non-Executive Director Stock Option Plan under which options for 232,325 shares were authorized for issuance. Options were granted at market value at the date of grant, were exercisable after one year and expire ten years from date of grant, except in the event of the retirement or death of the director. During 1996, options to purchase 73,554 shares at $33.49 were granted at a weighted-average price of $33.49 per share. Options for 2,974 shares were cancelled in 1996. During 1997, options were granted to purchase 25,091 shares at $37.93 per share; no options were exercised or cancelled. During 1998, options to purchase 17,654 were exercised at $33.49. At December 31, 1998, there were 78,017 options outstanding and exercisable at exercise prices ranging from $33.49 to $37.93 per share with a weighted average exercise price of $34.92; the weighted average remaining contractual life of options outstanding was 8.3 years.

NOTE 13. EMPLOYEES' STOCK PURCHASE PLAN

The majority of full-time U.S. and certain non-U.S. employees are eligible to participate in Dana's Amended Employees' Stock Purchase Plan (SPP). The SPP provides that participants may authorize Dana to withhold up to 15% of their earnings and deposit such amounts with an independent custodian. The custodian, as nominee for the participants, causes Dana common stock to be purchased at prevailing market prices. The shares purchased are allocated to the participants' accounts and upon request are distributed to the participants.

Under the SPP, 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 SPP. 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 SPP. The custodian has caused to be purchased 1,069,720 shares in 1996, 947,950 shares in 1997 and 874,272 shares in 1998 of Dana's common stock on behalf of the employees and the Company's charge to expense amounted to $6.3 in 1996, $7.4 in 1997 and $9.3 in 1998.

NOTE 14. 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 $110.6, $134.9 and $119.2 in 1996, 1997 and 1998, respectively.

Under the Company's Additional Compensation Plan (ACP), 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 ACP are paid in cash immediately or, at the discretion of the Board's Compensation Committee, are deferred. Deferred awards may be paid in cash, stock or a combination of both. Dana awarded (based on prior period performance) $14.2 in 1996, $11.3 in 1997 and $13.5 in 1998; in addition, 16,438, 7,074 and 1,143 shares of Dana's common stock were issued and amounts equivalent to dividends and interest of $.7, $.9 and $1.4 were credited to deferred awards in 1996, 1997 and 1998, respectively. Total charges to expense relating to the ACP amounted to $13.2 in 1996, $20.4 in 1997 and $8.8 in 1998.

The Company also has the 1989 Restricted Stock Plan (RSP) 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 1996, 1997 and 1998 were 25,000, 47,245 and 55,100, respectively. In 1997, the RSP was amended to allow the participants to convert restricted stock into restricted stock units under certain conditions. During 1997, 27,491 restricted shares were converted to restricted units. The restricted units are payable in unrestricted stock upon retirement or termination of employment. Total charges to expense for the RSP amounted to $.8, $.9 and $1.3 in 1996, 1997 and 1998, respectively. At December 31, 1998, 502,024 shares were authorized for future issuance under the RSP.

DANA CORPORATION
LOGO

NOTE 15. PENSION AND OTHER POSTRETIREMENT BENEFITS

Dana and certain of its subsidiaries provide defined contribution and defined benefit, qualified and nonqualified, pension plans for employees. The Company also provides other postretirement benefits, which include medical and life insurance for certain employees upon retirement. The following tables provide a reconciliation of the changes in the defined benefit pension plans' and other postretirement plans' benefit obligations and fair value of assets over the two-year period ended December 31, 1998, statements of the funded status and schedules of the net amounts recognized in the balance sheet at December 31, 1997 and 1998:

	Pension Benefits		Other Benefits	
	1997	1998	1997	1998
Reconciliation of benefit obligation				
Obligation at January 1	$ 2,114.8	$ 2,257.3	$ 851.9	$ 992.3
Service cost	60.8	70.7	13.5	17.7
Interest cost	149.4	152.9	66.8	70.0
Employee contributions	2.6	1.8	2.9	3.8
Plan amendments	30.8	17.8	1.6	2.2
Actuarial loss	111.5	78.6	100.9	62.8
Benefit payments	(168.1)	(177.7)	(60.7)	(68.0)
Settlement, curtailment and terminations	(20.6)	(21.9)	(11.9)	(15.2)
Acquisitions and divestitures	(3.5)	5.8	28.4	18.4
Translation adjustments	(20.4)	(3.2)	(1.1)	(1.5)
Obligation at December 31	$ 2,257.3	$ 2,382.1	$ 992.3	$ 1,082.5
Reconciliation of fair value of plan assets				
Fair value at January 1	$ 2,175.0	$ 2,507.0		
Actual return on plan assets	467.5	325.6		
Acquisitions and divestitures	(26.1)	9.6		
Employer contributions	78.4	50.4		
Employee contributions	4.1	3.5		
Benefit payments	(159.4)	(166.8)		
Settlements	(18.5)	(18.2)		
Translation adjustments	(14.0)	(8.2)		
Fair value at December 31	$ 2,507.0	$ 2,702.9		
Funded Status				
Balance at December 31	$ 249.7	$ 320.8	$ (992.3)	$ (1,082.5)
Unrecognized transition obligation	8.7	5.8		
Unrecognized prior service cost	80.8	72.0	(51.3)	(30.7)
Unrecognized (gain) loss	(345.1)	(408.2)	154.4	210.8
Accrued cost	$ (5.9)	$ (9.6)	$ (889.2)	$ (902.4)
Amounts recognized in the balance sheet consist of:				
Prepaid benefit cost	$ 110.6	$ 116.9		
Accrued benefit liability	(126.1)	(151.9)	$ (889.2)	$ (902.4)
Intangible assets	5.6	6.9		
Accumulated other comprehensive income	4.0	18.5		
Net amount recognized	$ (5.9)	$ (9.6)	$ (889.2)	$ (902.4)

Benefit obligations of the U.S. non-qualified and certain non-U.S. pension plans, amounting to $81.4 at December 31, 1998, and the other postretirement benefit plans are not funded.

The following table provides the components of net periodic benefit costs for the plans for the years 1996, 1997 and 1998:

	Pension Benefits			Other Benefits		
	1996	1997	1998	1996	1997	1998
Service cost	$ 60.7	$ 60.8	$ 70.7	$ 11.2	$ 13.5	$ 17.7
Interest cost	144.4	149.5	152.9	58.7	66.8	70.0
Expected return						

on plan assets	(212.6)	(190.0)	(180.6)			
Amortization of transition obligation	2.6	2.6	3.8			
Amortization of prior service cost	17.1	15.9	16.3	(17.0)	(8.1)	(8.2)
Recognized net actuarial (gain) loss	60.3	17.9	(8.5)	3.2		4.8
Net periodic benefit cost	72.5	56.7	54.6	56.1	72.2	84.3
Curtailment (gain) loss		3.2	4.0		(8.8)	(19.3)
Settlement gain			(3.1)			
Termination expenses		1.2	2.2			
Net periodic benefit cost after curtailments and settlements	$ 72.5	$ 61.1	$ 57.7	$ 56.1	$ 63.4	$ 65.0

The assumptions used in the measurement of pension benefit obligations are as follows:

U.S. PLANS

	1996	1997	1998
Discount rate	7.5 - 8.25%	7 - 8%	6.75%
Expected return on plan assets	8.5 - 10%	8.75 - 10%	8.75%
Rate of compensation increase	4.31 - 5%	4.31 - 5%	4.31 - 5%

NON-U.S. PLANS

	1996	1997	1998
Discount rate	7 - 8.75%	5 - 8.5%	5 - 8%
Expected return on plan assets	8 - 9.5%	7.5 - 9%	7.25 - 9%
Rate of compensation increase	3 - 7.5%	2.5 - 7.5%	3.5 - 5%

DANA CORPORATION

NOTES TO FINANCIAL STATEMENTS

in millions except share and per share amounts

NOTE 15. PENSION AND OTHER POSTRETIREMENT BENEFITS (CONTINUED)

The assumptions used in the measurement of other postretirement benefit obligations are as follows:

	1996	1997	1998
Discount rate	7.75%	7%	6.75%
Initial weighted health care costs trend rate	7.8%	7.8%	7.5%
Ultimate health care costs trend rate	5%	5%	5%
Years to ultimate	12	11	10

Assumed health care costs trend rates have a significant effect on the health care plan. A one-percentage-point change in assumed health care costs trend rates would have the following effects for 1998:

	1% POINT INCREASE	1% POINT DECREASE
Effect on total of service and interest cost components	$ 6.8	$ (7.5)
Effect on postretirement benefit obligations	79.2	(84.5)

NOTE 16. BUSINESS SEGMENTS

Dana is organized into seven Strategic Business Units (SBU) encompassing the Company's key markets. This structure allows Dana people in each of these areas to focus their resources to the benefit of Dana and its global customers.

The Automotive Systems Group (ASG) designs, develops and manufactures "under the vehicle" products for passenger cars and light trucks. Its global, full-service engineering provides its customers with complete modules and systems. In the automotive market, the group is a leader in axles, constant velocity joints and driveshafts, chassis and structural components and modules and full Rolling Chassis(TM) systems.

The Automotive Aftermarket Group (AAG) provides more than 300,000 part numbers to cover a vast array of aftermarket needs for brake and chassis products, filtration products and engine systems.

The Engine Systems Group (ESG) provides its customers with complete engine systems for fluid, sealing and power cylinder needs. Its products include fluid systems, gaskets and other sealing products, piston rings, bearings, liners and camshafts.

The Off-Highway Systems Group (OHSG) manufactures and markets off-highway axles, powershift transmissions, transaxles, torque converters and electronic controls, as well as hydraulic valves, pumps, motors, filters and electronic components.

The Industrial Group (IG) manufactures a diverse range of components and systems. Products include electric clutches, brakes, linear actuators, motors, electronic controls, lighting controls and motion and voltage control and conditioning products as well as industrial hoses, hydraulic and pneumatic hoses, hose ends, valves and brass and steel tube fittings.

The Heavy Truck Group (HTG) serves the global market for class 6, 7 and 8 trucks. Products include heavy axles and brakes, drivetrain components, power take-offs, trailer products and heavy systems modular assemblies.

Dana Commercial Credit (DCC) provides leasing and financing services to a broad range of customers in selected markets around the world.

DANA CORORATION
LOGO

Management evaluates the operating segments and regions as if DCC were accounted for on the equity method of accounting. Information used to evaluate the SBUs and regions is as follows:

1996	SALES	OPERATING PAT	NET PROFIT	NET ASSETS	CAPITAL SPEND	DEPRECIATION/ AMORTIZATION
ASG	$ 3,706.0	$ 280.7	$ 217.2	$ 1,574.7	$ 164.0	$ 112.5
AAG	2,538.8	146.6	106.1	1,597.1	56.4	60.3
ESG	1,445.2	61.0	38.8	1,098.8	60.5	52.1
OHSG	569.4	10.6	2.0	312.4	20.6	23.4
IG	722.0	31.0	19.7	496.7	24.2	24.3
HTG	726.6	24.1	12.4	223.3	8.8	12.7
DCC		30.5	30.5	123.9		
Other	1,270.8	(133.6)	24.2	451.4	53.7	36.3
Consolidated	$ 10,978.8	$ 450.9	$ 450.9	$ 5,878.3	$ 388.2	$ 321.6
North America	$ 8,340.8	$ 490.5	$ 359.0	$ 4,120.5	$ 233.8	$ 211.4
South America	621.6	39.0	27.7	549.3	55.9	41.2
Europe	1,744.3	58.9	31.3	1,047.4	73.4	58.9
Asia Pacific	245.7	1.8	(6.5)	176.4	11.0	10.1
DCC		30.5	30.5	123.9		
Other	26.4	(169.8)	8.9	(139.2)	14.1	
Consolidated	$ 10,978.8	$ 450.9	$ 450.9	$ 5,878.3	$ 388.2	$ 321.6

1997	SALES	OPERATING PAT	NET PROFIT	NET ASSETS	CAPITAL SPEND	DEPRECIATION/ AMORTIZATION
ASG	$ 3,967.1	$ 293.3	$ 222.1	$ 1,660.7	$ 234.2	$ 121.6
AAG	2,634.6	114.6	70.7	1,612.3	72.6	67.7
ESG	1,960.4	87.9	56.0	1,463.4	103.4	76.4
OHSG	888.9	35.9	20.8	590.9	35.8	39.8
IG	736.2	36.6	24.7	433.3	23.3	23.3
HTG	801.6	30.6	17.3	219.8	17.9	12.8
DCC		31.2	31.2	138.6		
Other	922.2	(160.9)	26.4	258.7	37.3	39.7
Total operations	11,911.0	469.2	469.2	6,377.7	524.5	381.3
Restructuring and nonrecurring items		(149.1)	(149.1)			
Consolidated	$ 11,911.0	$ 320.1	$ 320.1	$ 6,377.7	$ 524.5	$ 381.3
North America	$ 9,082.9	$ 539.6	$ 390.6	$ 4,402.6	$ 309.0	$ 243.1
South America	733.8	51.1	37.0	646.4	59.0	44.0
Europe	1,832.1	42.3	10.6	1,167.4	126.1	79.6
Asia Pacific	243.9	4.8	(3.8)	148.3	14.5	10.1
DCC		31.2	31.2	138.6		
Other	18.3	(199.8)	3.6	(125.6)	15.9	4.5
Total operations	11,911.0	469.2	469.2	6,377.7	524.5	381.3
Restructuring and nonrecurring items		(149.1)	(149.1)			
Consolidated	$ 11,911.0	$ 320.1	$ 320.1	$ 6,377.7	$ 524.5	$ 381.3

1998	SALES	OPERATING PAT	NET PROFIT	NET ASSETS	CAPITAL SPEND	DEPRECIATION/ AMORTIZATION
ASG	$ 4,267.8	$ 328.0	$ 251.6	$ 1,856.7	$ 220.5	$ 131.4
AAG	2,761.5	151.7	108.2	1,592.8	84.2	64.4
ESG	2,013.4	91.1	58.0	1,951.1	106.3	91.5
OHSG	898.3	47.4	31.5	554.3	44.4	36.6
IG	712.0	39.9	28.5	424.7	27.0	24.2
HTG	1,629.0	88.8	62.8	626.2	42.2	36.0
DCC		34.2	34.2	122.2		
OTHER	181.6	(190.4)	15.9	(142.2)	29.9	11.8
TOTAL OPERATIONS	12,463.6	590.7	590.7	6,985.8	554.5	395.9
RESTRUCTURING AND NONRECURRING ITEMS		(56.6)	(56.6)			
CONSOLIDATED	$ 12,463.6	$ 534.1	$ 534.1	$ 6,985.8	$ 554.5	$ 395.9
NORTH AMERICA	$ 9,630.2	$ 642.8	$ 490.6	$ 4,907.5	$ 341.1	$ 259.8
SOUTH AMERICA	779.3	29.7	14.5	776.6	61.1	40.1
EUROPE	1,844.3	66.6	33.2	1,355.2	116.3	85.8
ASIA PACIFIC	183.9	0.7	(7.4)	138.5	12.5	7.7
DCC		34.2	34.2	122.2		
OTHER	25.9	(183.3)	25.6	(314.2)	23.5	2.5
TOTAL OPERATIONS	12,463.6	590.7	590.7	6,985.8	554.5	395.9
RESTRUCTURING AND NONRECURRING ITEMS		(56.6)	(56.6)			
CONSOLIDATED	$ 12,463.6	$ 534.1	$ 534.1	$ 6,985.8	$ 554.5	$ 395.9

NOTES TO FINANCIAL STATEMENTS

in millions except share and per share amounts

NOTE 16. BUSINESS SEGMENTS (CONTINUED)

With the exception of DCC, operating PAT represents earnings before interest and taxes (EBIT), tax effected at 41% (Dana's long-term effective rate), plus equity in earnings of affiliates. The Other category includes discontinued businesses, trailing liabilities for closed plants, SBU and regional administrative expenses, interest expense net of interest income and corporate expenses and adjustments to reflect the effective tax rate. In arriving at net profit from operating PAT, expenses relating to a specific SBU or region are allocated directly. Other allocations are based on sales.

Net assets at the SBU and regional level is intended to correlate with invested capital. It includes accounts receivable, inventories (on a first-in, first-out basis), net property, plant and equipment, investments in affiliates, goodwill, trade accounts payable and 2% of annualized sales as an assumption for cash and prepaid expense. At the total operating level, cash is adjusted to reflect actual.

DCC is evaluated based upon numerous criteria of which net income and net equity shown above are the major items.

Restructuring and nonrecurring items consist of the restructuring and integration charges discussed in Note 23 and gains on sales of business discussed in Note 22 as well as other nonrecurring charges.

Sales by region are based upon location of the entity recording the sale. Sales from the U.S. amounted to $7,819.9 in 1996, $8,412.5 in 1997 and $8,783.9 in 1998. No other country's sales exceeded 10% of total sales. U.S long-lived assets were $1,342.6 in 1996, $1,485.2 in 1997 and $1,712.6 in 1998. No other country's long-lived assets exceeded 10% of total long-lived assets.

Net operating assets differ from consolidated assets as follows:

	1996	1997	1998
Net operating assets	$ 5,878.3	$ 6,377.7	$ 6,985.8
Accounts payable	643.1	760.2	989.6
DCC's assets in excess of equity	1,545.3	1,722.3	1,345.0
Non-trade receivables and other assets	250.2	460.8	598.9
Intangible pension and other long-term assets	205.5	190.1	218.2
Consolidated assets	$ 8,522.4	$ 9,511.1	$ 10,137.5

The difference between operating capital spend and depreciation shown above and purchases of property, plant and equipment and depreciation shown on the cash flow statement represents the method of measuring DCC for operating purposes. DCC's capital spend and depreciation are not included above. In addition, DCC purchases equipment and leases the equipment to the operating SBUs. These operating leases are included in the consolidated statements as purchases of assets and depreciated over their useful life.

Export sales from the U.S. to customers outside the U.S. amounted to $736.4 in 1996, $766.2 in 1997 and $756.3 in 1998. Total export sales (including sales to Dana's non-U.S. subsidiaries which are eliminated for financial statement presentation) were $957.7, $1,060.3 and $1,000.5 in 1996, 1997 and 1998, respectively.

Worldwide sales to Ford Motor Company and subsidiaries amounted to $1,528.2, $1,757.1 and $1,910.8 in 1996, 1997 and 1998, respectively, which represented 14%, 15% and 15% of Dana's consolidated sales. Sales to DaimlerChrysler AG and subsidiaries in 1996, 1997 and 1998 amounted to $1,161.4, $1,269.4 and $1,601.5, respectively, representing 11%, 11% and 13% of Dana's consolidated sales. Sales to Ford were primarily from the Company's ASG and ESG segments, while sales to DaimlerChrysler were primarily from the ASG, HTG and ESG segments. No other customer accounted for more than 10% of Dana's consolidated sales.

NOTE 17. ESTIMATED INCOME TAXES

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

	Year Ended December 31 1996	1997	1998
Current			
U.S. Federal	$ 62.0	$ 167.1	$ 140.0
U.S. state and local	30.9	48.0	45.9
Non-U.S	25.7	107.6	73.9
	118.6	322.7	259.8
Deferred			
U.S. Federal	99.4	16.9	43.4

Non-U.S	20.5	(45.8)	12.4
	119.9	(28.9)	55.8
Total expense	$ 238.5	$ 293.8	$ 315.6

Deferred tax benefits (liabilities) consist of the following:

	December 31 1996	1997	1998
Postretirement benefits other than pensions	$ 362.4	$ 351.4	$ 386.4
Postemployment benefits	47.3	55.2	38.0
Expense accruals	116.1	198.9	144.3
Inventory reserves	24.7	42.0	27.9
Net operating loss carryforwards	39.0	46.3	122.6
Valuation allowances	(4.8)	(30.4)	(59.2)
Other	39.0	58.7	30.1
Other employee benefits	7.2	6.3	16.3
Deferred tax benefits	630.9	728.4	706.4
Depreciation - non-leasing	(233.2)	(195.1)	(179.0)
Leasing activities	(299.0)	(357.6)	(383.5)
Pension accruals	(13.7)	(27.5)	(22.7)
Other	(28.0)	(8.7)	(11.1)
Deferred tax liabilities	(573.9)	(588.9)	(596.3)
Net deferred tax benefits	$ 57.0	$ 139.5	$ 110.1

DANA CORPORATION
LOGO

Worldwide, Dana has operating loss carryforwards of approximately $357 with lives ranging from one year to an indefinite period. Valuation allowances are provided for deferred benefits if the realization of the benefits is uncertain. In 1997 and 1998, the Company increased the valuation allowance by $25.6 and $28.8, respectively, to reflect uncertainties related to specific loss carryforwards. Net benefits recognized for loss carryforwards generally relate to the U.S., where the Company has traditionally been a taxpayer, and Germany and Brazil, where operating losses may be carried forward indefinitely.

Income taxes paid during 1996, 1997 and 1998 amounted to $142.9, $264.6 and $228.1, respectively.

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

	Year Ended December 31		
	1996	1997	1998
U.S. Federal income tax rate	35.0%	35.0%	35.0%
Increases (reductions) resulting from:			
State and local income taxes, net			
of Federal income tax benefit	2.8	4.5	3.6
Non-U.S. income	(3.9)	8.1	(1.1)
Capital loss utilization	(.2)	(.9)	
Investment tax credits	(.2)	(.3)	(.4)
Amortization of goodwill	.4	3.6	.5
Miscellaneous items	(.3)	(1.4)	.9
Effective income tax rate	33.6%	48.6%	38.5%

NOTE 18. COMPOSITION OF CERTAIN BALANCE SHEET AMOUNTS

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

	December 31	
	1997	1998
INVESTMENTS AND OTHER ASSETS		
Goodwill	$ 863.0	$ 1,063.8
Investments at equity	199.8	303.7
Marketable securities, cost of $70.6 - 1997		
and $54.5 - 1998	80.9	58.4
Loans receivable	79.0	32.7
Other	150.6	186.2
	$ 1,373.3	$ 1,644.8
PROPERTY, PLANT AND EQUIPMENT, NET		
Land and improvements to land	$ 128.3	$ 163.5
Buildings and building fixtures	1,006.5	1,122.7
Machinery and equipment	4,166.2	4,479.1
	5,301.0	5,765.3
Less: Accumulated depreciation	2,524.3	2,461.5
	$ 2,776.7	$ 3,303.8
DEFERRED EMPLOYEE BENEFITS		
AND OTHER NONCURRENT LIABILITIES		
Postretirement other than pension	$ 826.7	$ 838.9
Deferred income tax	22.7	137.4
Pension	77.5	91.9
Postemployment	81.9	81.9
Compensation	33.6	50.7
Other noncurrent liabilities	128.9	136.7
	$ 1,171.3	$ 1,337.5
INVESTMENT IN LEASES		
Direct financing leases	$ 665.8	$ 117.5
Leveraged leases	655.3	702.6
Property on operating leases,		
net of accumulated depreciation	61.6	81.2
Allowance for credit losses	(52.6)	(32.7)
	1,330.1	868.6

Less: Current portion	254.3	16.7
	$ 1,075.8	$ 851.9

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

	December 31 1997	1998
Total minimum lease payments	$ 743.7	$ 137.7
Residual values	89.5	34.8
Deferred initial direct costs	15.5	2.3
	848.7	174.8
Less: Unearned income	182.9	57.3
	$ 665.8	$ 117.5

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

	December 31 1997	1998
Rentals receivable	$ 5,280.4	$ 5,464.6
Residual values	865.2	755.3
Nonrecourse debt service	(4,629.1)	(4,627.2)
Unearned income	(849.0)	(878.6)
Deferred investment tax credit	(12.2)	(11.5)
	655.3	702.6
Less: Deferred taxes arising from leveraged leases	303.7	337.3
	$ 351.6	$ 365.3

The following is a schedule, by year, of total minimum lease payments receivable on direct financing leases as of December 31, 1998:

Year Ending December 31:	
1999	$ 23.9
2000	21.8
2001	18.5
2002	14.6
2003	11.5
Later years	47.4
Total minimum lease payments receivable	$ 137.7

NOTE 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	DECEMBER 31 1997 Carrying Amount	1997 Fair Value	1998 CARRYING AMOUNT	1998 FAIR VALUE
Financial assets				
Cash and cash equivalents	$ 422.7	$ 422.7	$ 230.2	$ 230.2
Loans receivable (net)	168.8	168.9	116.6	118.8
Financial liabilities				
Short-term debt	1,255.6	1,255.6	1,321.4	1,321.4
Long-term debt	2,227.2	2,352.8	2,094.6	2,280.9
Security deposits - leases	16.1	14.7	5.6	5.2
Deferred funding commitments under leveraged leases	4.9	5.0	4.3	4.2
Interest rate-based option	9.9	9.9		
Unrecognized financial instruments, net		(9.6)		(9.9)

DANA CORPORATION

NOTES TO FINANCIAL STATEMENTS

in millions except share and per share amounts

NOTE 20. COMMITMENTS AND CONTINGENCIES

At December 31, 1998, the Company had purchase commitments for property, plant and equipment aggregating approximately $156.1. Future minimum rental commitments under operating leases aggregated $337.7 at December 31, 1998, with rental payments during the five succeeding years of: 1999, $74.7; 2000, $63.0; 2001, $47.6; 2002, $36.5 and 2003, $34.3. Net rental expense amounted to $115.2, $115.8 and $119.1 for 1996, 1997 and 1998, 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.

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

During 1996, Dana acquired Thompson Ramco Argentina S.A. (Thompson), J.B. Morgan and Co. Pty., Ltd. (Morgan), James N. Kirby Pty., Ltd., (Kirby), Thermoplast+Apparatebau GmbH (Thermoplast), Nobel Plastiques SA (Nobel), Long Manufacturing Ltd. (Long) and Industrias Orlando Stevaux Ltda. (Stevaux) and a majority interest in Centrust S.A. (Centrust). Thompson is an Argentine company which manufactures and distributes chassis parts and piston rings. Morgan and Kirby are both Australian manufacturers of filters. Morgan produces oil, air and fuel filters for automobiles while Kirby produces radial and panel air filters for automobiles and medium-duty trucks. Thermoplast is a German manufacturer of high-precision injection-molded plastic components and systems for automotive applications. Nobel, located in France and Spain, manufactures fluid, hydraulic and pneumatic servo control lines. Long, headquartered in Canada, manufactures and distributes motor vehicle heat exchange products and air-conditioning evaporators. Stevaux, a Brazilian company, manufactures gaskets and oil seals. Centrust, also an Argentine company, manufactures modular systems, brakes and structural components. Dana acquired a 70% interest in Centrust while 100% of all other companies was purchased. Also during 1996, Dana completed the acquisition of the light axle manufacturing business of Rockwell do Brasil, an indirect subsidiary of Rockwell International.

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 1997, Dana acquired the piston ring and cylinder liner operations of SPX Corporation (SPD), the assets of Clark-Hurth Components (CH) from Ingersoll-Rand, the North American Aftermarket division of ITT Automotive (ITT), the Brazilian engine components business of Industria e Commercio Brosol Ltda. (Brosol), a 75% share of Wix Filtron Sp.zo.o and 50% of the shares of Estampados Argentina S.A. (EASA), bringing Dana's effective ownership in this affiliate to 85%. SPD manufactures and sells piston rings and cylinder liners primarily for internal combustion engines. CH manufactures and sells transmissions and axles for use in off-highway vehicles and equipment. ITT manufactures and distributes motor vehicle brake system parts. Brosol produces motor-vehicle fuel system parts. Wix Filtron is a Polish manufacturer of filtration products and EASA is an Argentine manufacturer of heavy-duty structural components.

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. Sales in 1997 were $704 higher than 1996 as a result of acquisitions and total assets of companies acquired in 1997 amounted to $819.

In 1998, Dana acquired the heavy axle and brake business of Eaton Corporation; General Automotive Specialty Company, Inc. (GAS); a 98-percent share of the capital of Nakata S.A. Industria e Comercio (Nakata); full ownership of SIMESC-Parish, its Brazilian structural components manufacturing company; the Glacier Vandervell Bearings Group and the AE Clevite North American non-bearing aftermarket engine hard parts business. GAS manufactures motor switches and locks. SIMESC-Parish, which has been renamed Dana Parish Produtos Estruturais, S.A., produces a range of structural products, including full frames and heavy-truck side rails. Nakata and its subsidiaries are the leading Brazilian manufacturers of suspension components, such as tie rods and ball joints. Glacier Vandervell produces and distributes products used in passenger car and light-duty vehicle applications for both original equipment manufacturers and the aftermarket. The AE Clevite business includes products such as camshafts, valves and other valvetrain, timing and cylinder components.

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. Sales in 1998 were $784 higher than 1997 as a result of acquisitions and total assets of companies acquired in 1998 amounted to $980.

In 1996, Dana acquired Flexon, Inc., a U.S. manufacturer of fuel filters; Plains Plastics Inc., a custom plastic extruder located in Kansas; Moto Mirror

Inc., a manufacturer of remote-control mirrors for medium and heavy duty trucks located in Texas; and Iroquois Tool Systems Inc., a brake manufacturer located in Pennsylvania. All four transactions were accounted for as poolings of interests. Prior years' financial statements have not been restated since the amounts are not material to the consolidated financial statements.

As indicated in Note 2, Dana completed a merger with Echlin in July 1998. The merger was accounted for as a pooling of interests and accordingly all prior period consolidated financial statements have been restated to reflect the combined results of operations, financial position and cash flows.

[DANA LOGO]

NOTE 22. DIVESTITURES

In October 1996, Dana sold certain assets of Sensor Engineering, a division that manufactured cards and readers for access control systems, resulting in a gain of $5.

In March 1997, Dana completed the sale of its automotive warehouse distribution business in the United Kingdom, the Netherlands and Portugal. In August 1997, the sales of Dana's worldwide vehicular clutch operations and its Preferred Plastic Sheet Division were completed. In September 1997, the automotive transmission operations were sold to a subsidiary of Dana's 49%-owned Mexican affiliate, Spicer S.A. de C.V, and the sale of Ace Electric, a producer of starting and charging parts for engine systems, was completed. In October 1997, the Company sold its flat rubber products operations. In November 1997, Dana completed the sales of its 49% interest in Korea Spicer Corporation and the assets of automotive parts distributors Echlin Australia Pty. Ltd. and WAWD-EAP. In December 1997, as part of the rationalization plan announced in the first quarter, Dana completed the sale of its automotive warehouse distribution operation in France. Net gains recorded on these sales totaled $147. These operations contributed sales of $763 in 1996; through the dates of divestiture, 1997 sales for these operations totaled $385.

In February 1998, Dana completed the sale of its hydraulic brake hose facilities in Columbia City, Ind., and Garching, Germany. In April 1998, the Company sold its Midland-Grau heavy duty brake operations. In June 1998, Dana completed the sale of its hydraulic cylinder business. In December 1998, DCC completed the sale of its Technology Leasing Group portfolio resulting in an after-tax gain of $76. These operations contributed sales of $471 in 1997; through the dates of divestiture, 1998 sales for these operations totaled $140.

NOTE 23. RESTRUCTURING OF OPERATIONS

Dana initiated various restructuring plans in 1997. The cost of these plans included a charge of $254 at former Echlin facilities. This charge related to facility realignments and rationalizations associated with closing or consolidating 14 locations, writing down to net realizable value the assets of six operations to be divested, writing off goodwill that had no future value and writing down certain joint venture investments in Europe and Asia. The estimated workforce reduction was 1,214 people. Other charges taken include a charge of $36 to initiate a rationalization plan at Dana's Perfect Circle Europe operations, resulting in a workforce reduction of 368 people; a charge of $39 relating to rationalizing Dana's Reading, Pennsylvania structural components plant, with an expected workforce reduction of 1,140 people; a charge of $20 to reduce deferred income tax benefits that were anticipated to be realized from operating losses in France; a charge of $14 relating to the closure of Dana's Vimercate, Italy plant, with an anticipated workforce reduction of 120 people; and $54 relating to downsizing or closing various facilities and exiting several unprofitable lines of business, with an estimated workforce reduction of 440 people. Of the $417 of charges outlined above, $59 was charged to cost of sales, $30 to income tax expense and $328 to restructuring.

In the fourth quarter of 1998, Dana finalized its synergy plans for integrating the operations of Echlin into Dana's businesses and recorded restructuring and integration charges of $138. Of this amount $118 was charged to restructuring and $20, for writing down inventory, was charged to cost of sales. The announced restructuring and integration plans include the closing of eight facilities (seven in the AAG and one in the ESG) which will result in a reduction of approximately 2,450 people.

The following summarizes the restructuring charges and activity recorded in 1997 and 1998:

	Charges			Activity		ACCRUED AT DECEMBER 31,
	1997	1998	TOTAL	1997	1998	1998
Employee termination benefits	$ 96	$ 65	$ 161	$ (8)	$ (37)	$ 116
Impairment of long-lived assets	41	40	81	(11)	(70)	
Impairment of net investment in operations to be sold	102		102	(40)	(62)	
Write-down of goodwill and intangibles	89		89	(89)		
Other		13	13		(2)	11
Total charges	$ 328	$ 118	$ 446	$ (148)	$ (171)	$ 127

Employee separations related to the 1997 restructuring charges were 711 in 1997 and 2,292 in 1998.

At December 31, 1998, $127 of restructuring charges remained in accrued liabilities. This balance was comprised of $116 for the reduction of approximately 2,740 employees to be completed in 1999 and $11 for lease termination and other exit costs. The estimated annual cash expenditures will be approximately $103 in 1999, $17 in 2000 and $7 thereafter. Dana's liquidity and cash flows will not be materially impacted by these actions. It is anticipated that Dana's operations over the long term will benefit from these realignment strategies.

NOTE 24. NONCASH INVESTING AND FINANCING ACTIVITIES

In leveraged leases, the issuance of nonrecourse debt financing, and subsequent repayments thereof, is transacted between the lessees and lending parties to the transactions. During 1996, 1997 and 1998, $452.9, $388.5 and $224.8 of nonrecourse debt was issued to finance leveraged leases and $80.9, $158.4 and $182.0 of nonrecourse debt obligations were repaid, respectively.

In 1996 and in 1997, in addition to cash contributions, 1,000,000 shares of Dana common stock, with a market value of $31.1 in 1996 and $31.8 in 1997, were contributed to the Dana Corporation Pension Plans Trust.

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

in millions

- --

STRATEGIC INITIATIVES

Dana followed 1997 with even more strategic activities in 1998, completing the three largest acquisitions in its history. These acquisitions added a seventh Strategic Business Unit and two new core products. Dana also divested four non-core businesses, continuing its focus on core products.

- January -- Dana acquired the heavy axle and brake business of Eaton Corporation and General Automotive Specialty Company, Inc., a manufacturer of motor vehicle switches and locks.

- February -- Dana completed the sale of its hydraulic brake hose facilities and acquired the remaining 40% interest in SIMESC-Parish, its Brazilian structural components manufacturing company.

- April -- Dana acquired 98% of the equity of Nakata S.A. Industria e Comercio and sold its Midland-Grau heavy duty brake operations.

- June -- Dana completed the sale of its hydraulic cylinder business.

- July-- The merger with Echlin was completed. The merger was accounted for as a pooling of interests and the consolidated financial statements for all prior periods have been restated to show the combined results of operations, financial position and cash flows of Dana and Echlin.

- December-- Dana acquired the Glacier Vandervell Bearings Group and AE Clevite North American aftermarket engine hard parts business from Federal-Mogul Corporation. Also, Dana Credit Corporation (DCC) completed the sale of its Technology Leasing Group portfolio.

In addition, Dana finalized and began to implement its synergy plans for integrating the Echlin operations into Dana's businesses, as discussed below under "Restructuring and Integration Expenses."

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities in 1998 was $796, $133 below the record level in 1997. The decrease was attributable to increased working capital requirements, partially offset by higher net income and depreciation and amortization expenses.

Net cash used in investing activities in 1998 was $734, $143 less than in 1997. The acquisitions previously described used cash of $829. Divestitures of non-core businesses provided cash of $1,039, $549 more than 1997.

NET CASH FLOWS FROM OPERATING ACTIVITIES

1996	1997	1998
$903	$929	$796

Capital expenditures were a record $661 in 1998, reflecting Dana's growth strategy in its core businesses and ongoing commitment to product improvement through research and technology. Capital spending in 1999 is anticipated to be approximately 10% higher than in 1998. DCC's net purchases of leased assets (purchases less principal payments) were $54 in 1998, $7 lower than in 1997.

CAPITAL SPENDING

1996	1997	1998
$469	$579	$661

Financing activities in 1998 used net cash of $254. Dana's net debt position (short- and long-term debt less cash and cash equivalents) on December 31 was $126 more than in 1997. Total consolidated debt decreased $67, while cash and cash equivalents declined $193. At the end of 1997, cash was held to fund the January acquisitions previously mentioned. The fourth quarter acquisition of Glacier Vandervell and AE Clevite increased short-term debt. Proceeds from DCC's sale of the Technology Leasing Group portfolio were used to pay down short-term debt.

NET DEBT POSITION

1996	1997	1998
$2,916	$3,060	$3,186

Universal shelf registration statements filed in 1997 and 1998 allow Dana to issue debt and/or common stock up to an aggregate of $1,350. In March 1998, Dana issued $200 of 7.0% unsecured notes due March 15, 2028 and $150 of 6.5% unsecured notes due March 15, 2008. The proceeds were used to pay down existing short- and medium-term debt. Dana expects to issue additional unsecured senior debt in the first quarter of 1999. The proceeds will be used to refinance the bridge financing, which was arranged for the Glacier Vandervell and AE Clevite acquisitions, as well as pay down short-term debt.

Cash dividends of $198 were paid in 1998. Dividends have been paid for 244 consecutive quarters, with an annualized 1998 year-end dividend rate of $1.16 per share, a 7% increase over the 1997 year-end rate.

Committed and uncommitted bank lines enable Dana to issue commercial paper and make direct bank borrowings. Excluding DCC, Dana had committed and uncommitted borrowing lines of credit totaling approximately $1,752 at year end 1998, while DCC's lines were $688. Dana expects that its strong cash flows from operations, together with its worldwide credit facilities, will provide adequate liquidity to meet its debt service obligations, projected capital expenditures, working capital requirements and potential acquisition obligations.

Liabilities that may result from the legal proceedings (including those involving product liability claims and alleged violations of environmental laws) to which Dana and its subsidiaries were parties as of December 31, 1998 were reviewed and management does not believe that these liabilities or the related cash flows are reasonably likely to have a material adverse effect on Dana's liquidity, financial condition or results of operations. Contingent environmental and product liabilities were estimated based on the most probable method of remediation or outcome, current laws and regulations and existing technology. Estimates were made on an undiscounted basis and exclude the effects of inflation. When there was a range of equally probable remediation methods or outcomes, Dana accrued at the lower end of the range. At December 31, 1998:

- $38 was accrued for contingent product liability costs and $57 for contingent environmental liability costs, compared to $50 and $61 in 1997, respectively

- $17 was recorded (as assets) for probable recoveries from insurance or third parties for product liability claims and $1 for environmental liability claims, compared to $29 and $10 in 1997. Lower expenses incurred in 1998, net of payments received, resulted in the reduction for product liability claims. Payments from insurance and other third parties in 1998 caused the decrease in the environmental liability claims

- The difference between the minimum and maximum estimates for contingent liabilities was $15 for product liability claims and $2 for environmental liability claims, which was unchanged from 1997 and is not considered material

RESTRUCTURING AND INTEGRATION EXPENSES

In the fourth quarter of 1998, Dana finalized its synergy plans for integrating the Echlin operations into Dana's businesses and announced restructuring and integration plans that include the closing of eight facilities (seven in the Automotive Aftermarket Group and one in the Engine Systems Group). These plans will result in a reduction of approximately 2,450 people. Dana recorded restructuring and integration charges of $138. Of this amount $118 was charged to restructuring and $20, for writing down inventory, was charged to cost of sales.

In 1997, Dana initiated various restructuring plans resulting in the following charges:

- $254 at former Echlin facilities related to facility realignments and rationalizations resulting in a workforce reduction of 1,214 people, writing down to net realizable value the assets of businesses to be divested, writing off goodwill that had no future value and writing down certain joint venture investments in Europe and Asia

- $36 related to the initiation of a rationalization plan at the Perfect Circle Europe operations, resulting in a workforce reduction of 368 people

- $39 related to the rationalization of the Reading, Pennsylvania structural components plant, with an expected workforce reduction of 1,140 people

- $20 to reduce deferred income tax benefits that were anticipated to be realized from operating losses in France

- $14 relating to the closure of the Vimercate, Italy plant, with an anticipated workforce reduction of 120 people

- $54 relating to the downsizing or closing of various facilities and exiting several unprofitable lines of business, with an estimated workforce reduction of 440 people

These charges totaled $417, of which $328 was charged to restructuring, $59 to cost of sales and $30 to income tax expense.

It is anticipated that an additional $51 will be charged to restructuring and integration expense in 1999, including $10 for severance costs for approximately 550 people due to additional facility closures and rationalization programs that had not been announced at the end of 1998 and $41 for training, relocation and other costs relating to the consolidation of operations.

Estimated pre-tax savings from the restructuring and integration charges recorded in 1997 and 1998 and planned for 1999 will be $216 in 1999 and $378 in 2000.

The following summarizes the restructuring charges and activity recorded in 1997 and 1998:

	Charges 1997	Charges 1998	TOTAL	Activity 1997	Activity 1998	ACCRUED AT DECEMBER 31, 1998
Employee termination benefits	$ 96	$ 65	$ 161	$ (8)	$ (37)	$ 116
Impairment of long-lived assets	41	40	81	(11)	(70)	
Impairment of net investment in operations to be sold	102		102	(40)	(62)	
Write-down of goodwill and intangibles	89		89	(89)		

Other		13	13		(2)	11
Total charges	$ 328	$ 118	$ 446	$ (148)	$ (171)	$ 127

Employee separations related to the 1997 restructuring charges were 711 in 1997 and 2,292 in 1998.

At December 31, 1998, $127 of restructuring charges remained in accrued liabilities. This balance was comprised of $116 for the reduction of approximately 2,740 employees to be

---

completed in 1999 and $11 for lease terminations and other exit costs. The estimated cash expenditures will be approximately $103 in 1999, $17 in 2000 and $7 thereafter. Dana's liquidity and cash flows will not be materially impacted by these actions. It is anticipated that Dana's operations over the long term will benefit from these realignment strategies.

IMPACT OF YEAR 2000

Dana has a Year 2000 readiness program for assessing its products and its critical information technology (IT) and non-IT systems, including those systems which interface with major customers, suppliers and other third parties. The program is under the leadership of Dana's Global Year 2000 Readiness Team, which includes Year 2000 Project Managers for each Strategic Business Unit and geographic region. PricewaterhouseCoopers LLP has been engaged to assist the Team with methodology, training and data collection tools. In large part, Dana is using assessment tools developed by the Automotive Industry Action Group, an industry trade association.

The Glacier Vandervell and AE Clevite operations that were acquired in December 1998 are still being reviewed, but Dana expects to incorporate them into the Year 2000 program schedule without difficulty.

Otherwise, Dana has completed its global product review and not found any significant readiness problems with respect to its products.

Dana has also completed the inventory and assessment of its internal IT and non-IT systems (business, operating and factory floor systems) and is engaged in remediation of those systems where appropriate, including repair, replacement, upgrading and retirement of systems and components. Priorities have been established based on Dana's business risk assessment. Dana expects to complete the remediation activities during the first quarter of 1999. Post-remediation testing is scheduled for the second quarter of 1999. Contingency plans, if needed, will be developed before the end of 1999.

Dana is in the process of assessing the Year 2000 readiness of its critical production and non-production suppliers by means of surveys, visits and audits. A similar assessment program is in progress for major customers. These assessments will be completed as quickly as possible during the first half of 1999 and contingency plans will be prepared, as needed, during the second half of the year.

The most reasonably likely worst case scenario that Dana currently anticipates with respect to Year 2000 is the failure of some of its suppliers, including utilities, to be ready. This could cause a temporary interruption of materials or services that Dana needs to make its products, which could result in delayed shipments to customers and lost sales and profits for Dana. As the critical supplier assessments are completed, Dana will develop contingency plans to address those risks and uncertainties which are identified. These plans may include resourcing materials and/or building inventory banks. Dana will complete its contingency planning before the end of 1999.

Dana has spent approximately $42 on Year 2000 activities to date, of which $29 has been charged to expense and $13 has been capitalized. Based on the work performed to date and on current information and plans, Dana anticipates that it will incur additional future costs of $71 in addressing Year 2000 issues, of which $48 will be charged to expense and $23 will be capitalized.

The outcome of Dana's Year 2000 program is subject to a number of risks and uncertainties, some of which are beyond its control (such as the Year 2000 readiness of third parties, including suppliers, utilities and domestic and foreign governmental agencies). Therefore, there can be no assurances that Dana will not incur material remediation costs beyond the above anticipated future costs, or that its business, financial condition or results of operations will not be significantly impacted if Year 2000 problems with its systems, or with the products or systems of other parties with whom it does business, are not resolved in a timely manner.

IMPACT OF EURO CONVERSION

Dana has a Euro currency program for its European facilities, under the leadership of the Euro Steering Committee, and has established guidelines and timetables for compliance with the requirements of the Euro conversion. The Committee is monitoring progress at all locations. While various operations are at different stages of readiness, Dana believes that all of its facilities are capable of complying with the Euro conversion timetable and with customer requirements for quoting and billing in Euro currency. Preliminary indications are that the cost to convert to the Euro will not be material.

RESULTS OF OPERATIONS (1998 VS. 1997)

Worldwide sales in 1998 were a record $12,464 (5% above 1997). Excluding the effect of acquisitions and divestitures, sales increased $428 (up 4%). Worldwide sales to original equipment (OE) customers were up 9%, based on strong light, medium and heavy truck production build levels during the year. Distribution sales declined 3% but increased 1% excluding acquisitions and divestitures. Export sales from the U.S. decreased 1% in 1998. The impact of changes in foreign currency exchange rates decreased 1998 sales by approximately $139.

- U.S. sales increased $371 (4% above 1997) or $276 (up 4%) excluding acquisitions/divestitures
    - Light truck OE component sales were up 2% (3% excluding acquisitions/divestitures)
    - Passenger car OE sales were up 2% (1% excluding acquisitions/divestitures)

- Medium and heavy truck OE sales were up 26% (15% excluding acquisitions/divestitures)

- Automotive distribution sales were down 2% (up 1% excluding acquisitions/divestitures)

- Off-highway/industrial distribution sales were down 5% (2% excluding acquisitions/divestitures)

- Truck parts distribution sales increased 5% (7% excluding acquisitions/divestitures)

- - Non-U.S. sales increased $181 (5% above 1997) or $152 (up 5%) excluding acquisitions/divestitures

  - Light truck OE component sales were up 19% (16% excluding acquisitions/divestitures)

  - Passenger car OE sales were up 8% with little impact from acquisitions/divestitures

  - Medium and heavy truck OE sales increased 33% (5% excluding acquisitions/divestitures)

  - Automotive distribution sales declined 5% (up 6% excluding acquisitions/divestitures)

  - Off-highway/industrial distribution sales decreased 5% (8% excluding acquisitions/divestitures)

  - Truck parts distribution sales were down 3% (9% excluding acquisitions/divestitures)

Sales by segment are shown in the following table. Sales are shown for Dana's seven Strategic Business Units (SBUs): Automotive Systems Group (ASG), Automotive Aftermarket Group (AAG), Engine Systems Group (ESG), Off-Highway Systems Group (OHSG), Industrial Group (IG), Heavy Truck Group (HTG) and DCC. The "Other" category represents closed and sold facilities or locations where the operating responsibility has not been assigned to a specific SBU.

	1997	1998	% Change	% Change Excluding Acquisitions/ Divestitures
ASG	$3,967	$4,268	8	6
AAG	2,635	2,762	5	3
ESG	1,960	2,013	3	1
OHSG	889	898	1	(4)
IG	736	712	(3)	
HTG	802	1,629	103	18
Other	922	182	(80)	(1)

- - ASG serves the world's passenger car and light-truck markets with axles, driveshafts, structural components, modules and full rolling chassis systems. Its 8% increase in sales over 1997 was due to a continuing strong demand in North America for light trucks and sport utility vehicles. Worldwide light axle sales increased 9% over 1997. North American sales, which are 77% of this segment's sales, increased 6% over 1997 with no acquisition/divestiture impact.

- - AAG is primarily responsible for the distribution side of the automotive business. Its sales were 5% higher than 1997. North American aftermarket sales, which are 82% of this segment's sales, were up 6% over 1997 (4% excluding acquisitions/divestitures).

- - ESG sells engine parts, fluid systems and sealing products. Excluding acquisitions/divestitures, its sales were slightly higher than 1997 but sales of fluid system products increased 5% on the strength of the North American market.

- - OHSG sells off-highway axles, powershift transmissions, transaxles, torque converters and electronic controls. Its sales were slightly above 1997 levels (4% below last year on a comparable basis due to softness in the North American market).

- - IG sells components and systems for industrial machinery, motor vehicles, business machines and other equipment. Its sales fell 3% from 1997. Excluding acquisitions/divestitures, North American sales increased, but this was more than offset by weakened sales in Asia Pacific.

- - HTG sells heavy axles and brakes, drivetrain components, power take-offs, trailer products and heavy systems modular assemblies. Its sales showed a strong 103% increase over 1997 (18% excluding acquisitions/divestitures). The acquisition of Eaton's heavy axle and brake business accounted for the large increase in sales. Excluding this acquisition, North American sales increased 20% over 1997 on the strength of the heavy truck market.

Sales by region are shown in the following table.

	1997	1998	% Change	% Change Excluding Acquisitions/ Divestitures
North America	$9,083	$9,630	6	5
South America	734	779	6	(7)
Europe	1,832	1,844	1	4
Asia Pacific	244	184	(25)	(11)
Other	18	27	50	50

- - North American sales were up $547 (6% over 1997). Acquisitions, net of divestitures, accounted for $123 of the increase. Continued demand for light trucks and sport utility vehicles, as well as strength in the medium and heavy truck markets, helped fuel the increase.

- - Sales in Europe increased $12 (1% over 1997). The sale of the Midland-Grau operations in 1998 and the distribution business in 1997 had a negative impact on reported sales compared to 1997.

- - Economic turmoil in South America and Asia Pacific throughout 1998 negatively impacted sales in these regions.

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

in millions

Revenue from lease financing and other income decreased $116. Other income recorded in 1997 included gains of $261 from the sale of:

- The European warehouse distribution operations ($76)
- The vehicular clutch operations ($119)
- The Preferred Plastic Sheet Division ($21)
- The flat rubber products business ($14)
- The 49% share of Korea Spicer Corporation ($18)
- An investment in a leveraged lease by DCC ($13)

In 1998, Dana won a judgment on a patent infringement case recording income of $27 and DCC recorded a gain of $126 on the sale of its technology asset leasing group and recorded charges of $34 related to discontinued businesses in commuter aircraft and vehicle leasing.

Gross margin was 16.2% in 1998, compared to 15.5% in 1997. Gross margin in 1998 was adversely affected by a charge of $20 to cost of sales to write down inventory. In 1997, $59 was charged to cost of sales to write down inventory of discontinued and rationalized product lines. Excluding the non-recurring charges in both years, gross margin would have been 16.3% in 1998 and 16.0% in 1997.

Selling, general and administrative expenses (SG&A) decreased $30 in 1998. The net impact of acquisitions and divestitures accounted for $8 of the decrease. Restructuring efforts started in 1997 and ongoing cost control initiatives had a positive impact. SG&A at DCC were higher than in 1997 due to the effect of higher start-up and development costs associated with new leasing programs and the expansion of its lease portfolio. SG&A as a percentage of sales improved from 9.7% in 1997 to 9.0% in 1998.

Operating income, which excludes restructuring and integration charges and merger expenses, was $200 higher than 1997. Operating margin was 7.2% in 1998, compared to 5.8% in 1997. Excluding the previously discussed charges to cost of sales recorded in 1998 and 1997 and the impact of acquisitions, net of divestitures, Dana's operating margin would have been 7.2% in 1998 and 6.4% in 1997.

Interest expense increased $28 over 1997 primarily due to higher average debt levels associated with acquisitions.

The effective tax rate was 39% in 1998 compared to 49% for 1997. The rate was higher in 1997 due to providing valuation reserves for tax benefits previously recorded in France and for tax benefits associated with the expenses recorded for the rationalization plan at the Perfect Circle Europe operations and due to certain portions of the restructuring charge not being deductible for tax purposes.

Minority interest in net income of consolidated subsidiaries decreased $15, primarily due to the lower earnings of Albarus S.A. (a Brazilian subsidiary) and its majority-owned subsidiaries and Automotive Motion Technology Limited (a European subsidiary).

Equity in earnings of affiliates was higher in 1998 by $5, primarily due to losses no longer being recorded for Korea Spicer Corporation, which was sold in November 1997, and to higher earnings of Dana's Venezuelan affiliate and DCC's leasing affiliates.

Earnings in 1998 were $534 (67% above 1997). Profits for 1998 were adversely affected by $57 in non-recurring charges net of gains recorded on divestitures and the patent infringement case. Segments affected by these charges were AAG $45, ESG $6, OHSG $1, IG $11 and Other $50. DCC had a net gain of $56. Profits for 1997 were adversely affected by non-recurring charges of $149 net of gains recorded on divestitures. Segments affected by these charges were ASG $29, AAG $115, ESG $42, OHSG $12 and HTG $7. IG and Other had net gains of $6 and $50, respectively.

MARKET TRENDS

Dana's component sales to producers of light truck and sport utility vehicles (SUVs) continued strong in 1998, especially in the North American market. The current outlook for 1999 is a small increase in North American light truck production, mostly in SUVs and standard pickups. Sales to the passenger car OE and medium and heavy truck markets are expected to continue at 1998 levels with heavy truck production forecast to slow somewhat in the second half of 1999.

FORWARD LOOKING INFORMATION

Forward-looking statements in this report are indicated by words such as "anticipates," "expects," "believes," "intends," "plans" and similar expressions. These statements represent management's current expectations based on information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Actual results could differ materially from those which are anticipated or projected due to a number of factors. These factors include changes in business relationships with Dana's major customers, work stoppages at major customers, competitive pressures on sales and pricing, increases in production or material costs that cannot be recouped in product pricing, the ability of Dana and/or third parties with whom it does business to resolve Year 2000 problems in a timely manner and international economic conditions, particularly in South America and Asia Pacific.

- --

RESULTS OF OPERATIONS (1997 VS. 1996)

Worldwide sales in 1997 of $11,911 were $932 or 8% over 1996. Excluding the effect of acquisitions and divestitures, sales were $384 or 4% ahead of 1996. Fueled by Dana's first-quarter acquisition of Clark-Hurth Components (CH), sales to global manufacturers of off-highway vehicles were up 51%. Worldwide sales to passenger car makers were up 13% over the comparable prior period. Excluding the effect of acquisitions, worldwide OE sales to global manufacturers of off-highway vehicles increased 2% and worldwide sales to passenger car makers declined 5% from 1996. Exports from the U.S. increased 4% over 1996.

- - U.S. sales increased $593 (8% above 1996) or $306 (up 4%) excluding acquisitions/divestitures

  - Light truck OE component sales were up 7% (6% excluding acquisitions/divestitures) due to the ongoing demand for light trucks and sport utility vehicles
  - Passenger car OE sales were up 9% due primarily to the acquisition of the worldwide piston ring and cylinder liner operations of SPX Corporation (SPD) in early 1997
  - Medium and heavy truck OE sales increased 8% (10% excluding acquisitions/divestitures) as truck production levels rebounded from 1996
  - Distribution sales increased 3% over 1996

- - Non-U.S. sales increased $339 (11% above 1996) or $78 (up 3%) excluding acquisitions/divestitures

  - Light truck OE component sales were up 28% (24% excluding acquisitions/divestitures) with strong sales in Europe and South America
  - Passenger car OE sales were up 17% (down 13% excluding acquisitions/divestitures)
  - Medium and heavy truck OE sales increased 8% (3% excluding acquisitions/divestitures)
  - Distribution sales declined 4% primarily due to the sale of the European warehouse distribution business

- - Worldwide distribution sales increased 1% over 1996
  - Automotive distribution sales declined 2% due to the European warehouse distribution business
  - Off-highway/industrial distribution sales increased 8%
  - Truck parts distribution sales were up 5%

Sales by segment are shown in the following table.

	1996	1997	% Change	% Change Excluding Acquisitions/ Divestitures
ASG	$3,706	$3,967	7	6
AAG	2,539	2,635	4	
ESG	1,445	1,960	36	4
OHSG	569	889	56	
IG	722	736	2	2
HTG	727	802	10	11
Other	1,271	922	(27)	(1)

- - ASG posted a 7% increase in sales over 1996 reflecting continued strong demand for light trucks and sport utility vehicles. Worldwide light axle sales increased 5% over 1996. Excluding the net effect of acquisitions and divestitures, driveshaft and structural component sales increased 7% and 14%, respectively. North American sales, which account for 78% of this segment's sales, increased 6% over 1996 with no acquisition/divestiture impact.

- - AAG's sales were 4% higher than 1996. North American aftermarket sales from this segment (84% of this segment's sales) were up 4% over 1996 or comparable with 1996 excluding acquisitions, net of divestitures.

- - ESG reported sales 36% higher than 1996 primarily due to the acquisitions of SPD and Long Manufacturing Ltd. Excluding acquisitions/divestitures, fluid system sales increased 10% over 1996 on the strength of the North American and European markets.

- - OHSG's sales were significantly above 1996 levels due to the acquisition of CH. On a comparable basis, sales were even with 1996 due to softness in North America and Europe.

- - Sales from the IG segment increased 2% over 1996. North American sales, which are 82% of this segment's sales, increased 5%. This increase was partially offset by a decline in sales in Europe and Asia Pacific.

- - HTG posted a strong 10% increase over 1996 (11% increase excluding acquisitions and divestitures) as heavy truck build levels rebounded from 1996 levels.

The North American, European and South American regions all reported increased sales over 1996. Asia Pacific, despite financial turmoil in the fourth quarter, had comparable sales with 1996.

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

in millions

- --

Sales by region are shown in the following table.

	1996	1997	% Change	% Change Excluding Acquisitions/ Divestitures
North America	$8,341	$9,083	9	4
South America	622	734	18	2
Europe	1,744	1,832	5	2
Asia Pacific	246	244		1
Other	26	18	(31)	(31)

- - North American sales were up $742 (9% over 1996). Acquisitions, net of divestitures, accounted for $394 of the increase. Continued demand for light trucks and sport utility vehicles helped fuel the increase.

- - European and South American sales continued to grow in 1997 as the Company concentrated on growth of its core businesses outside the U.S., particularly through acquisitions. Excluding the effect of acquisitions and divestitures, European sales were slightly higher than 1996 while South America sales were up 2%.

Revenue from lease financing and other income increased $288 over 1996. Contributing to the increase were gains of $261 from the sale of:

- - The European warehouse distribution operations ($76)
- - The vehicular clutch business ($119)
- - The Preferred Plastic Sheet Division ($21)
- - The flat rubber products business ($14)
- - The 49% share of Korea Spicer Corporation ($18)
- - An investment in a leveraged lease by DCC ($13)

Lease financing revenue at DCC increased 14% over 1996 as a result of continuing asset growth.

Gross margin was 15.5% in 1997 compared to 16.6% in 1996. Gross margin in 1997 was adversely affected by charges to cost of sales of $59 to write down inventory of discontinued and rationalized product lines. Excluding these charges, 1997 gross margin would have been 16.0%.

SG&A increased $40 in 1997. The net impact of acquisitions and divestitures accounted for $22 of the increase. SG&A at DCC were $22 higher than in 1996 due to increased asset levels and start-up costs associated with new product development and market expansion. SG&A as a percentage of sales improved from 10.1% in 1996 to 9.7% in 1997.

Operating income, which excludes restructuring and integration charges, was $692 in 1997, $17 lower than 1996. Operating margin was 5.8% in 1997 versus 6.5% in 1996. The previously mentioned charge of $59 to cost of sales had a .5% negative impact on operating margin in 1997. Acquisitions, net of divestitures, provided a slight benefit to operating margin in 1997.

Interest expense increased $48 over 1996 primarily due to higher average debt levels associated with acquisitions.

The effective tax rate was 49% compared to 34% for 1996. The rate was higher in 1997 due to providing valuation reserves for tax benefits previously recorded in France and for tax benefits associated with the expenses recorded for the rationalization plan at the Perfect Circle Europe operations and due to certain portions of the restructuring charge not being deductible for tax purposes.

Minority interest in net income of consolidated subsidiaries decreased $10, primarily due to the lower earnings of Albarus S.A. (a Brazilian subsidiary) and its majority-owned subsidiaries.

Equity in earnings of affiliates was higher in 1997 by $19, primarily due to higher earnings of the Company's affiliates in Mexico. Spicer S.A. de C.V. contributed $14 to the increase while an affiliate of the newly acquired SPD contributed $5.

Earnings in 1997 were $320 (29% less than 1996). Profits for 1997 were adversely affected by $149 in charges related to restructuring and rationalization programs net of gains recorded on divestitures.

ADDITIONAL INFORMATION

in millions except per share amounts

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 1997 and 1998. At December 31, 1998, the closing price of Dana common stock was $40.88.

	STOCK PRICE						CASH DIVIDENDS DECLARED AND PAID	
	1997			1998			1997	1998
Quarter Ended	HI	LO	CLOSE	HI	LO	CLOSE		
March 31	$ 34.63	$ 30.63	$ 32.88	$ 59.00	$ 48.00	$ 58.06	$ .25	$ .27
June 30	39.50	30.63	38.00	61.50	51.06	53.50	.25	.29
September 30	49.50	36.88	49.38	54.94	35.13	37.31	.27	.29
December 31	54.38	43.00	47.50	44.88	31.31	40.88	.27	.29

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.

	NET SALES		GROSS PROFIT		NET INCOME (LOSS)		NET INCOME PER SHARE		NET INCOME (LOSS) PER SHARE	
							BASIC	DILUTED	BASIC	DILUTED
QUARTER ENDED	REPORTED	RESTATED	REPORTED	RESTATED	REPORTED	RESTATED	REPORTED		RESTATED	
For the year ended										
December 31, 1997										
March 31	$2,115	$2,996	$ 294	$ 480	$ 92.6	$ 121.9	$ .90	$ .89	$ .76	$ .75
June 30	2,141	3,090	316	501	93.8	127.1	.90	.89	.78	.77
September 30	1,961	2,865	245	418	98.3	(45.4)	.93	.92	(.29)	(.28)
December 31	2,074	2,960	255	445	84.4	116.5	.81	.79	.72	.70
FOR THE YEAR ENDED										
DECEMBER 31, 1998										
MARCH 31	$2,350	$3,233	$ 365	$ 535	$ 107.6	$ 140.6	$ 1.02	$1.00	$ .86	$ .84
JUNE 30	2,340	3,237	370	555	116.0	160.2	1.10	1.08	.97	.96
SEPTEMBER 30	2,962		483		98.3		.59	.59		
DECEMBER 31	3,032		442		135.0		.82	.81		

The information for 1997 and the first two quarters of 1998 has been restated to reflect the Echlin merger, which has been accounted for as a pooling of interests.

During the first quarter of 1997, Dana recorded a gain of $45 (28 cents per share) relating to the sale of its European warehouse operations. In addition, the Company initiated a rationalization plan at its Perfect Circle Europe operations resulting in a charge of $36 (22 cents per share).

During the second quarter of 1997, the Company closed its Berwick, Pa., facility and sold certain of the operating assets and recorded a charge of $5 (3 cents per share).

In the third quarter of 1997, Dana recorded a gain of $70 (43 cents per share) on the sale of its worldwide vehicular clutch operations and $13 (8 cents per share) on the sale of a plastics division. The Company also recorded charges of $234 ($1.43 per share), including $182 relating to the rationalization efforts initiated at former Echlin operations, $22 relating to the restructuring of its Reading, Pa., facility, $20 in deferred tax benefit valuation allowances for benefits not expected to be utilized in France, $5 to restructure the light axle operations in England and $4 relating to the closure of two division offices and the consolidation of filtration operations.

During the fourth quarter of 1997, the Company recorded a gain of $18 (11 cents per share) on the sale of its 49% share of Korea Spicer Corporation and $8 (5 cents per share) relating to the sale of its flat rubber products operations. Charges of $28 (17 cents per share) were recorded relating to the closure of its Vimercate, Italy plant, closure of a hydraulic pump facility in Greenville, SC and exiting several unprofitable lines of business.

Expenses of $38 were incurred in the third quarter of 1998 to effect the Echlin merger. In the fourth quarter, DCC sold its Technology Leasing Group portfolio, realizing a gain of $76 (46 cents per share); DCC also incurred a charge of $20 (12 cents per share) related to exiting certain businesses. In addition, Dana recorded $73 (44 cents per share) of restructuring charges and $12 (7 cents per share) of inventory write-offs as part of its plan to integrate the former Echlin operations.

ELEVEN YEAR HISTORY+

in millions except per share amounts

FINANCIAL HIGHLIGHTS

For the Years	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Net Sales	$6,230	$6,320	$6,553	$6,084	$6,655	$7,404	$8,843	$10,472	$10,979	$11,911	$12,464
Net Income (Loss)	224	176	123	55	(318)	174	352	443	451	320	534
Net Income (Loss) per Common Share											
Basic	1.69	1.32	.92	.41	(2.27)	1.18	2.29	2.81	2.83	1.97	3.24
Diluted	1.65	1.30	.91	.41	(2.26)	1.17	2.28	2.80	2.81	1.94	3.20
Cash Dividends per Common Share	.77	.80	.80	.80	.80	.80	.83	.90	.98	1.04	1.14
Total Assets	5,873	6,259	5,705	5,371	5,584	5,895	6,701	7,814	8,522	9,511	10,138
Long-Term Debt	1,347	1,542	1,505	1,684	1,608	1,341	1,381	1,325	1,887	1,790	1,718

+ The information for years prior to 1998 has been restated to reflect the Echlin merger, which has been accounted for as a pooling of interests. Echlin amounts included for years prior to 1995 are for fiscal years ended August 31.

Exhibit 21

DANA CORPORATION
CONSOLIDATED SUBSIDIARIES
AS OF DECEMBER 31, 1998

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615

UNITED STATES
- -------------

Dana Distribution, Inc.	Delaware
Dana Risk Management Services, Inc.	Ohio
Dana World Trade Corporation	Delaware
DTF Trucking, Inc.	Delaware
Albarus, Inc.	Delaware
Precision Specialities, Inc.	Delaware
GemStone Gasket Company	Delaware
Flight Operations, Inc.	Delaware
Results Unlimited, Inc.	Delaware
Dana International Finance Inc.	Delaware
Dana International Limited	Delaware
Warner Sensors Corporation (formerly Marengo Corporation)	Delaware
UnderCar International, Inc.	Delaware
Krizman International, Inc.	Delaware
McQuay-Norris, Inc.	Delaware
Reinz Wisconsin Gasket Co.	Delaware
Perfect Circle Valve Seals, L.L.C.	Delaware
Wix Filtration Media Specialists, Inc.	Delaware
Flexon, Inc.	Michigan
Sealed Power Technologies Corporation of Nevada	Nevada
Sanford Acquisition Company	Michigan
Harvey Two Company	Michigan
Dana Transmissions, Inc.	Delaware
DSA of America, Inc.	Michigan
Spicer Heavy Axle & Brake, Inc.	Michigan
Glacier Vandervell, Inc.	Michigan
Glacier Daido America, LLC	Ohio
Echlin Inc	Connecticut
American Electronic Components, Inc.	Indiana
Automotive Brake Company Inc.	Delaware
Brake Parts Inc.	Delaware
Friction Inc.	Delaware
Brake Systems, Inc.	Delaware
EPE, Inc.	California
Prattville Mfg., Inc. (dormant)	Delaware
Hydraulics Inc.	Delaware
Automotive Controls Corp.	Connecticut
Auto Parts Acquisition Inc. (fka WAWD-EAP) (dormant)	Delaware
Beck/Arnley Worldparts Corp.	Delaware
Blackstone Manufacturing Co., Inc.	Delaware
Brake Realty Inc.	Delaware
BWD Automotive Corporation	Delaware
BWD International Inc.	Delaware
Digital Fuel Injection Inc.	Delaware
Double Wharf Corporation	Delaware
Echlin Asset Funding Corp.	Connecticut
Echlin-Ponce, Inc.	Delaware
Friction Materials, Inc.	Massachusetts

Integrated Electronics International, Inc. (holding co.)	New Jersey
Integrated Technologies Group, Inc.	Connecticut
Iroquois Tool Systems, Inc.	Pennsylvania
Lipe Corporation (dormant)	Delaware
Long USA Inc.	Delaware
Long Automotive Inc.	Texas
Long Cooling Systems Inc.	Delaware
Midland Brake, Inc. (dormant)	Delaware
Moto Mirror, Inc.	Texas
Road Scan Inc.	Texas
Mr. Gasket, Inc.	Delaware
Brookpark Leasing Company	Delaware
Pacer Industries, Inc.	Missouri
PAH Mexico Inc. (holding co.)	Delaware
W.M. Holding Company, Inc. (holding co.)	Delaware
Preferred Technical Group International, Inc.	Delaware
Preferred Technical Group, Inc.	Delaware
Multitec-PTG, Inc.	Delaware
Ristance Corporation	Indiana
Sierra International Inc.	Illinois
Sprague Controls Inc.	Delaware
Sprague Prutsman, Inc.	Delaware
Tekonsha Engineering Company	Michigan
Theodore Bargman Company	Michigan
United Brake Systems Inc. (dormant)	Delaware
Diamond Financial Holdings, Inc.	Delaware
Findlay Properties, Inc.	Ohio
Ottawa Properties, Inc.	Michigan
Shannon Properties, Inc.	Delaware
First Shannon Realty of North Carolina, Inc.	North Carolina
Summey Building Systems, Inc.	North Carolina
Dana Credit Corporation	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
DCC Project Finance Nine, Inc.	Delaware
Dana Commercial Credit Corporation	Delaware
Camotop Two Corporation	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
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, Inc.	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 Rail Two, Inc.	Delaware
CCD Rail Three, Inc.	Delaware
CCD Rail Five, Inc.	Delaware
Comprehensive Asset Services, Inc.	Delaware
Dana Business Credit Corporation	Delaware
Dana Commercial Finance Corporation	Delaware
Dana Fleet Leasing, Inc.	Delaware
DCC Canada 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 Project Finance Eleven, Inc.	Delaware
Washington 10 Gas Holdings, Inc.	Delaware
DCC Project Finance Twelve, Inc.	Delaware
DCC Project Finance Thirteen, Inc.	Delaware
DCC Project Finance Fourteen, Inc.	Delaware
DCC Servicing, Inc.	Delaware
Energy Services Credit Corporation	Delaware
GSP I Corporation	Oregon
Isom & Associates	Delaware
Leased Equipment, Inc.	Delaware
Lease Recovery, Inc.	Delaware
Midwest Housing Investments J.V., Inc.	Delaware
Potomac Leasing Company	Delaware
REBAC, Inc.	Delaware
REBNEC Three, Inc.	Delaware
REBNEC Five, Inc.	Delaware
REBNEC Nine, Inc.	Delaware
REBNEC Eleven, Inc.	Delaware
ReDade, Inc.	Delaware
REFIRST, Inc.	Delaware
REFREEZE, Inc.	Delaware
REHAT, Inc.	Delaware
RENAT, 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
ReSun, Inc.	Delaware
RETRAM, Inc.	Delaware
Shannon Health Care Realty, Inc.	Delaware
Shannon Property Management, Inc.	Delaware
Shannon Supermarket Investors, Inc.	Delaware
Dana Lease Finance Corporation	Delaware
Camotop One Corporation	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 Rail One, Inc.	Delaware
CCD Rail Four, Inc.	Delaware
DCC Project Finance Seven, Inc.	Delaware
DCC Project Finance Eight, Inc.	Delaware
DCC Project Finance Fifteen, Inc.	Delaware
DCC Spacecom Two, Inc.	Delaware
DCC Vendorcom, 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
Letovon Rosehill One Pty Limited	Australia
Letovon Rosehill Two Pty Limited	Australia
Letovon St. Kilda One Pty Limited	Australia
Letovon St. Kilda Two Pty Limited	Australia
DCC Canada Inc.	Canada
Letovon St. Kilda/Rosehill Co.	Cayman Islands
Dana Capital S.A.	France
Dana Finance S.A.	France
DCC Leasing GmbH	Germany
Shannon Properties GmbH	Germany
Northavon Investments Limited	Jersey
Dana Commercial Credit (UK) Limited	United Kingdom
Dana Capital Limited	United Kingdom
DCC (June) Limited	United Kingdom
DCC (September) Limited	United Kingdom
Farnborough Properties Company	United Kingdom
Farnborough Airport Properties Company	United Kingdom
Farnborough Aerospace Centre Management Limited	United Kingdom
Letovon Hammersmith Co.	United Kingdom
Letovon Heathrow Co.	United Kingdom
Letovon Waterloo Co.	United Kingdom
Development, L.L.C.	
Tecnologia de Mocion Controlada S.A. de C.V.	Mexico
Dana Heavy Axle Mexico S.A. de C.V.	Mexico
(f.k.a. Eaton Manufacturera)	
Dana Manufacturera S.A. de C.V. (f.k.a. Eaton Ejes)	Mexico
Dana Ejes S.A. de C.V. (f.k.a. EMSA S.A. de C.V.)	Mexico
Grupo Echlin Automotrices S.A. de C.V.	Mexico
Balatas American Brakebloks, S.A. de C.V.	Mexico
Producciones Automotrices, S.A. de C.V.	Mexico
Echlin Comercial, S.A. de C.V.	Mexico
Frenos Lusac, S.A. de C.V.	Mexico
Lusac Comfhia de Mexico, S.A. de C.V.	Mexico
Itapsa, S.A. de C.V.	Mexico

FTE Mexicana, S.A. de C.V.	Mexico
Inversiones Echlin S.A. de C.V.	Mexico
Echlin Mexicana, S.A. de C.V.	Mexico
Long de Mexico, S.A. de C.V.	Mexico
Candados Universales de Mexico, S.A. de C.V.	Mexico
Echlin de Saltillo, S.A. de C.V.	Mexico
Echlin Industrias de Mexico, S.a. de C.V.	Mexico
Wrenford Insurance Company Limited	Bermuda
ROC Spicer Investment Co.	British Virgin Islands
Francisco Holdings Limited	British Virgin Islands
Dana Canada, Inc. (fka Hayes-Dana Inc.)	Canada
3125025 Canada Inc. (federal company)	Canada
Echlin Canada Inc. (federal company)	Canada
Long Manufacturing Ltd.	Canada
Brake Parts Canada Inc.	Canada
Echlin Dominicana, S.A.	Dominican Republic
Dana Foreign Sales Corporation	U.S. Virgin Islands
Echlin International, V.I., Inc.	U.S. Virgin Islands
Dana Australia (Holdings) Pty. Ltd.	Australia
Dana Australia Pty. Ltd.	Australia
Truckline Parts Centres Pty. Ltd.	Australia
Dana Australia Trading Pty. Ltd. (Formerly Spicer Drivetrain Pty. Ltd.)	Australia
J.B. Morgan and Co. Pty., Ltd.	Australia
Dana Asia Pacific Industrial (fka Warner Electric Australia Pty. Ltd.)	Australia
Echlin Australia Pty. Ltd. (holding co.)	Australia
Kelray Australia Pty. Ltd.	Australia
P.J. Warneford Components	Australia
Warneford & Oldfield Pty. Limited	Australia
Fujian Spicer Drivetrain Systems Co., Ltd.	China
Dana Asia (Hong Kong) Limited	Hong Kong
Kentning Industries Limited (Never Active)	Hong Kong
Shui Hing Manufacturing Company Limited	Hong Kong
Echlin China Limited (Hong Kong)	Hong Kong
P.T. Spicer Indonesia (Never Active)	Indonesia
Dana Japan, Ltd.	Japan
Dana Korea Co. Ltd.	Korea
Dana Asia Pacific (Malaysia) Sdn. Bhd.	Malaysia
Spicer Philippines Manufacturing Co. (inactive)	Philippines
Dana Asia (Singapore) Pte. Ltd.	Singapore
R.O.C. Spicer Ltd.	Taiwan
Timing Investments Limited	Taiwan
Taiyin Enterprise Ltd.	Taiwan
Spicer Asia Engineering Ltd.	Taiwan
Dana Asia (Taiwan) Ltd. (Warner Electric Trading Co.)	Taiwan
Dana Asia (Taiwan) APD Co., Ltd.	Taiwan
Echlin Taiwan Ltd.	Taiwan
Dantean Company, Limited. (f.k.a. Spicer Thailand)	Thailand
Dana Industrial Co., Limited	Thailand
Dana Asia (Thailand) Limited	Thailand
Dana Spicer (Thailand) Limited (fka Spicer Asia (Thailand)	Thailand
Dana Austria GmbH	Austria
Glacier Gleitlager Handelsgesellschaft mbH	Austria
Warner Electric SA (Dormant)	Belgium
Clark-Hurth Belgium N.V.	Belgium
Clark Equipment Belgium N.V.	Belgium
Glacier Belgium	Belgium
Quinton Hazell Belgium SA	Belgium
Stieber Ltd.	United Kingdom
Dana Holdings UK Limited	United Kingdom

Echlin (Southern) Holdings Ltd. (Jersey)	United Kingdom
Dana Holdings Limited	United Kingdom
Dana Spicer Europe Ltd.	United Kingdom
Warner Electric Limited	United Kingdom
Dana Interlock Limited (Dormant 1/1/94)	United Kingdom
Taylor Industrial Clutches Ltd.	United Kingdom
Wichita Company Limited	United Kingdom
Dana Limited (formerly Dana (1982) Limited)	United Kingdom
Superior Electric Engineering Services, Ltd.	United Kingdom
Dana Spicer Limited	United Kingdom
Echlin Europe Limited	United Kingdom
Quinton Hazell Plc.	United Kingdom
Motaproducts Automotive Limited (Dormant)	United Kingdom
Supra Group Limited (Dormant)	United Kingdom
Commercial Ignition Limited (Dormant)	United Kingdom
British Filters Limited (Dormant)	United Kingdom
TJ Filters Limited (Dormant)	United Kingdom
Quinton Hazell Automotive Limited	United Kingdom
Quinton Hazell (Far East) Limited	United Kingdom
Whitely Rishworth Exports Ltd. (Dormant)	United Kingdom
Preferred Technical Group-CHA Limited	United Kingdom
WH Components Limited	United Kingdom
Hobourn Automotive Limited	United Kingdom
SU Automotive Limited	United Kingdom
SU Pension Trustee Limited	United Kingdom
Hobourn Group Pension Trust Company Limited	United Kingdom
Whitely Rishworth Ltd.	United Kingdom
Automotive Motion Technology Limited	United Kingdom
Echlin Automotive Systems Limited	United Kingdom
Lipe Limited	United Kingdom
Driveline Systems Limited	United Kingdom
Dana S.A.	France
Perfect Circle Europe (fka Floquet Monopole S.A.)	France
Societe Industrielle de Precision Marti, S.A.	France
Societe de Reconditionnement Industriel de Moteurs S.A. (S.R.I.M.)	France
Spicer France SarL	France
Warner France, S.A.	France
Collins & Tournadre "TOURCO"	France
G.I.E. Warner & Tourco	France
Sealed Power Europe S.A.	France
Dana France SAS	France
Glacier Vandervell SAS	France
Superior Electric SarL (to be liquidated)	France
Stieber SarL	France
Clark-Hurth Components S.A.R.L.	France
Nobel Plastiques S.A.	France
Nobel Plastiques Climatisation S.A.	France
Quinton Hazell SarL	France
Dana GmbH	Germany
Dana Holdings GmbH	Germany
Reinz Dichtungs GmbH	Germany
Euro Reinz GmbH (dormant)	Germany
Warner Electric GmbH	Germany
Erwin Hengstler Hydraulic GmbH	Germany
The Weatherhead GmbH	Germany
M. Friesen GmbH	Germany
Horst Riedel GmbH	Germany
Stieber Antriebselemente GmbH	Germany
Spicer GmbH (f.k.a. Superior Electric GmbH)	Germany
Clark-Hurth Components Vertriebs GmbH	Germany
DKW Kunststoffwerke GmbH	Germany

Thermoplast+Apparatebau GmbH	Germany
Sealed Power Europe GmbH	Germany
Echlin Holding GmbH	Germany
FTE Automotive GmbH	Germany
Move Brems-Und Kupplungsschlauch	Germany
Echlin Grundstucksverwaltung (Deutchland) GmbH	Germany
Quinton Hazell Deutschland GmbH	Germany
Spicer India Limited	India
Stieber Precision Pvt. Ltd.	India
Dana Finance (Ireland) Limited	Ireland
Quinton Hazell (Ireland) Limited	Ireland
Moprod (Ireland) Limited	Ireland
Quinton Hazell Limited	Ireland
Dana Italia, SpA	Italy
Metaltechno SpA	Italy
Clark-Hurth Components SpA	Italy
Quinton Hazell Italia SpA	Italy
D.E.H. Holdings SARL	Luxembourg
Dana Europe Holdings B.V.	Netherlands
Spicer Netherland B.V. (Dormant)	Netherlands
Leguana Participations B.V. (Holding Co.)	Netherlands
Warner Electric BV (f.k.a. Maumee Holdings B.V.)	Netherlands
Superior Electric Nederland B.V. (shell)	Netherlands
Echlin (Investments) Netherlands B.V.	Netherlands
Echlin (Properties) Netherlands BV	Netherlands
Quinton Hazell Nederland B.V.	Netherlands
Wix Filtron Sp. zo.o.	Poland
Quinton Hazell Polska Sp. zo.o.	Poland
Dana Equipamientos SA (f.k.a. Spicer Espana S.A.)	Spain
Sealed Power Europe S.L.	Spain
Dana Thermoplast Iberica, S.A.	Spain
Industrias Seloc Reinz S.A. (closed)	Spain
Industrias Serva S.A.	Spain
Glaser Serva S.A.	Spain
Quinton Hazel Espana S.A.	Spain
Nobel Plastiques Iberica S.A.	Spain
Dana AB	Sweden
Warner-Tollo AB	Sweden
Quinton Hazell Svenska AB	Sweden
Warner Electric (International) S.A.	Switzerland
(International Headquarters, f.k.a. Warner Electric S.A., locally known as "Swiss Inc.")	
T&N Zug AG	Switzerland
Glacier Tristar SA	Switzerland
Warner Electric S.A.	Switzerland
(Operating and local sales company, f.k.a. Societe de Vente Warner Electric S.A., locally known as "Swiss Trade")	
Echlin Charger Mfg. Co. (Pty.) Ltd.	South Africa
MAG Brakes (Prop.) Limited	South Africa
Electron Seventeen (Prop.) Limited	South Africa
Insom Investments (Prop.) Limited	South Africa
J&H Marcus Manufacturing Company (Prop.) Ltd.	South Africa
Miclaric Investments (Prop.) Limited	South Africa
South African Engineering Company (Prop.) Limited	South Africa
South African Engineering Company (Natal) (Prop.) Limited	South Africa
Dana Argentina S.A.	Argentina
Dana San Juan S.A. (f.k.a. AROS Daneri, S.A.)	Argentina
Dana San Luis S.A. (f.k.a. Trasa San Luis)	Argentina
Transmissiones Homocineticas Argentina S.A. (THA)	Argentina
Farlock S.A.	Argentina
Cerro de los Medanos S.A.	Argentina
Spicer Ejes Pesatos S.A.	Argentina
Nakata Autoparts S.A.	Argentina

Echlin Argentina S.A. (a/k/a Plasbestos)	Argentina
Fanacif Products Argentina S.A.	Argentina
Dana Equipamentos Ltda.	Brazil
Dana-Albarus, S.A. Industrial E Comercio	Brazil
Pellegrino Autopecas Industrial e Comerico Ltda.	Brazil
CIDAP-Industrial e Distribuidora de Aurtopecas Ltda. (Dormant)	Brazil
Albarus Sistemas Hidraulicos Ltda.	Brazil
Albarus S.A. Comercial e Exportadora	Brazil
Cirane Industria e Comercio Ltda.	Brazil
Previalbarus Societe de Providencia	Brazil
Dana Industrial S.A.	Brazil
Metalurgica Brasitalia Ltda.	Brazil
Suzuki Comercial Ltda.	Brazil
Dana Bahia Ltda.	Brazil
Warner Electric do Brasil Ltda.	Brazil
Dana do Brasil Ltda.	Brazil
Dana Industrias Ltda.	Brazil
SM-Sistemas Modulares Ltda.	Brazil
Glacier do Brasil Limitada	Brazil
Glacier Daido do Brasil Limitada	Brazil
Echlin Do Brasil S.A.	Brazil
Industria De Ejes Y Transmissiones S.A. (Transejes)	Colombia
Transejes C.D. Ltda.	Colombia
Transcar Ltda.	Colombia
Transmotor Ltda.	Colombia
Echlin de Colombia Ltda.	Colombia
Echlin Del Peru S.R. Ltda.	Peru
UBALI S.A.	Uruguay
Talesol S.A.	Uruguay
Inversora Sabana, S.A.	Venezuela
Echlin de Venezuela C.A.	Venezuela

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting parts of the Registration Statements on Form S-3 (Nos. 333-67307, 033-58121, 333-00539, 333-22935, 333-23733 and 333-42239) and in the Registration Statements on Form S-8 (Nos. 333-50919, 333-69449, 033-64198 and 333-37435) of Dana Corporation of our report dated January 25, 1999 appearing on page 21 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 14 of this Form 10-K.

PricewaterhouseCoopers LLP

Toledo, Ohio
February 24, 1999

EXHIBIT 24

POWER OF ATTORNEY

The undersigned directors and/or officers of Dana Corporation hereby constitute and appoint Southwood J. Morcott, John S. Simpson, Charles W. Hinde, Martin J. Strobel and Sue A. Griffin, 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, 1998, 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 December 14, 1998.

/s/ B. F. Bailar
B. F. Bailar

/s/ A. C. Baillie
A. C. Baillie

/s/ E. M. Carpenter
E. M. Carpenter

/s/ E. Clark
E. Clark

/s/ G. H. Hiner
G. H. Hiner

/s/ J. M. Magliochetti
J. M. Magliochetti

/s/ M. R. Marks
M. R. Marks

/s/ S. J. Morcott
S. J. Morcott

/s/ R. B. Priory
R. B. Priory

/s/ J. D. Stevenson
J. D. Stevenson

/s/ T. B. Sumner, Jr.
T. B. Sumner, Jr.

/s/ J. S. Simpson
J. S. Simpson

/s/ C. W. Hinde
C. W. Hinde

/s/ M. J. Strobel
M. J. Strobel

/s/ S. A. Griffin
S. A. Griffin

5
1,000
YEAR
DEC-31-1998
JAN-01-1998
DEC-31-1998
230,200
0
1,616,900
40,500
1,731,600
4,337,000
5,765,300
2,461,500
10,137,500
3,986,600
1,717,900
0
0
165,700
2,773,500
10,137,500
12,463,600
12,838,700
10,449,100
10,449,100
1,289,800
0
279,600
820,200
315,600
0
0
0
0
534,100
3.24
3.20

5

1,000

YEAR
DEC-31-1997
JAN-01-1997
DEC-31-1997
422,700
0
1,439,400
33,900
1,575,300
4,285,300
5,301,000
2,524,300
9,511,100
3,794,000
1,789,800
0
0
163,810
2,438,590
9,511,100
11,911,000
12,402,400
10,067,000
10,067,000
1,479,800
0
251,400
604,200
293,800
0
0
0
0
320,100
1.97
1.94