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DANA CORP
Form 11-K
June 30, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4651

A. Full title of the plan and the address of the plan, if different from that
of the issuer named below:

Dana Corporation Employee Incentive and Savings Investment Plan

B. Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office:

Dana Corporation
4500 Dorr Street
Toledo, Ohio 43615

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I. REQUIRED INFORMATION

Report of Independent Auditors

Financial Statements

Statement of Assets Available for Benefits
as of December 31, 2002 and 2001

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for the Years Ended December 31, 2002 and 2001

Notes to Financial Statements

Supplemental Information*

Schedule of Assets (Held at End of Year)
Schedule H, line 4i

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II. SIGNATURE

III. EXHIBITS

Exhibit 23 -- Consent of Independent Auditors

Exhibit 99.1 -- Certification Pursuant to 18 U.S.C. Section 1350

*Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

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REQUIRED INFORMATION

REPORT OF INDEPENDENT AUDITORS

To the Participants and Administrator of the
Dana Corporation Employee Incentive and
Savings Investment Plan

In our opinion, the accompanying statement of assets available for benefits and the related statement of changes in assets available for benefits present fairly, in all material respects, the assets available for benefits of the Dana Corporation Employee Incentive and Savings Investment Plan (the "Plan") at December 31, 2002 and 2001, and the changes in assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan'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 auditing standards generally accepted in the United States of America, 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 our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Toledo, Ohio
June 27, 2003

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DANA CORPORATION
 EMPLOYEE INCENTIVE AND SAVINGS INVESTMENT PLAN
 STATEMENT OF ASSETS AVAILABLE FOR BENEFITS
 (AMOUNTS IN THOUSANDS)

	DECEMBER 2002

Assets:	
Investments, at fair value	\$ 75,686
Investments, at contract value	43,067

Total investments	118,753
Employee contributions receivable	665
Employer contributions receivable	112

Assets available for benefits	\$ 119,530
	=====

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

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DANA CORPORATION
 EMPLOYEE INCENTIVE AND SAVINGS INVESTMENT PLAN
 STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS
 (AMOUNTS IN THOUSANDS)

	YEAR DECEMBER 2002
Investment income/(loss):	
Interest and dividend income	\$ 2,914
Net depreciation of investments	(20,286)
Interest on employee loans	382

	(16,990)
Contributions:	
Employee contributions	9,149
Employer contributions	1,502

Total additions	10,651

Deductions:	
Benefit payments	(11,196)

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Administrative expenses	(5)

Total deductions	(11,201)

Net transfers in/(out)	(77)

Net decrease	(17,617)
Net assets available for benefits at beginning of year	137,147

Net assets available for benefits at end of year	\$ 119,530
	=====

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

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

GENERAL

The Dana Corporation Employee Incentive and Savings Investment Plan (the "Plan") is a contributory defined contribution employee benefit plan that was established on March 1, 1984 to provide benefits for all eligible employees of the participating divisions of Dana Corporation as identified in the Plan agreement. The Plan is sponsored by Dana Corporation (the "Company"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The following is a brief description of the Plan. Participants should refer to the Plan agreement for more complete information.

ADMINISTRATION

The administrator of the Plan is the Dana Corporation Investment Committee which has delegated responsibility for day to day administration of the Plan to Dana Benefits and Payroll Services. The Company has entered into a trust agreement with The Vanguard Fiduciary Trust Co. (the "Trustee").

PARTICIPATION

Each employee who is in a covered class of employees within a participating division as stipulated in the Plan agreement is eligible to participate in the Plan.

EMPLOYEE CONTRIBUTIONS

An eligible employee may elect to have up to 20 percent of his or her eligible compensation, as defined in the Plan agreement, up to the maximum elective deferral amount as determined under Section 402(g) of the Internal Revenue Code (the "Code"), contributed to his or her account. Contributions for some participants may be further limited as a result of other Code requirements.

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EMPLOYER CONTRIBUTIONS

The Company contributes to the Plan thirty percent on the first three percent of the employee's compensation contributed to the Plan and ten percent on the next three percent contributed to the Plan.

VESTING

Participants are fully vested at all times in both the employee and employer contributions and earnings thereon, in their individual accounts.

NORMAL RETIREMENT, DISABILITY, TERMINATION OR DEATH

In accordance with the Plan provisions, participating employees who retire upon attaining age sixty-five or become totally and permanently disabled and whose account balance is greater than \$5,000 are eligible to receive the full value of their account in a lump sum.

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Upon termination, the participant's account will be payable in a lump sum if the account balance is less than \$5,000. Otherwise, the participant's account may remain in the Plan until the participant attains the age of 70-1/2.

Upon a participant's death, the participant's account balance will be paid to the beneficiary in a lump sum.

LOANS

The Trustee may extend loans to participants with the approval of the Plan administrator. Participant loans shall not be made for less than \$1,000 or exceed the lesser of 50% of the participant's vested account balance or \$50,000 minus the highest amount of outstanding balance of loans to the participant for the previous 12 month period. The loan term shall not be longer than 60 months unless the loan is used to acquire a principal residence. Interest shall be charged on the loan at a rate equal to 1% above the "Prime Rate" quoted by The Wall Street Journal under the Money Rates section.

As participant loans are repaid, the amounts are allocated to the investment fund according to the participant's most recent election with respect to current contributions. At December 31, 2002, such loans bore interest rates ranging from 3% to 10%.

PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to ERISA. In the event of Plan termination, participant accounts will be distributed in accordance with the Plan agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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EXPENSES OF THE PLAN

Generally, the Company pays a significant portion of the expenses associated with the administration of the Plan.

VALUATION OF INVESTMENTS

The Plan's investments in mutual funds are stated at quoted market value. Investments in guaranteed investment contracts are stated at contract value, which approximates market value. In determining fair value, the Board of Directors of the Trustee considers such factors as the benefit responsiveness of each of the investment contracts. Participant loans receivable are stated at estimated fair values, consisting of outstanding principal and any related accrued

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interest. The Plan's investment in the stock fund is based on units which are recorded at fair market value.

Net appreciation or depreciation includes realized gains and losses and net unrealized appreciation and depreciation. Realized gains and losses on investment transactions are recorded as the difference between proceeds received and the fair market value at the beginning of the year of the respective investments sold or cost if acquired during the year. Net unrealized appreciation or depreciation in the fair market value of investments is recorded as the change between the fair market value of investments at the end of the year and the beginning of the year, or cost if acquired during the year.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets available for benefits at the date of the financial statements and reported changes in assets available for benefits during the reporting period. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

The Plan provides for various investment options in any combination of stocks, bonds, fixed income securities, mutual funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the Statement of Assets Available for Benefits and the Statement of Changes in Assets Available for Benefits.

RECLASSIFICATIONS

Certain previously reported 2001 amounts have been reclassified to conform to the 2002 presentation.

3. INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Company by a

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letter dated April 3, 2002, that the Plan and related trust are tax-qualified in accordance with applicable sections of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

4. PARTIES-IN-INTEREST

Investments in the Dana Stock Fund consisted of 755,983 and 821,362 shares of Dana Corporation common stock at December 31, 2002 and 2001, respectively. Shares for this fund are purchased in the open market at fair

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market value. Consequently, such transactions are permitted under the provisions of the Plan and are exempt from prohibition of party-in-interest transactions under the Code and ERISA.

Certain Plan investments are shares of mutual funds or collective investment funds managed by The Vanguard Group, a company related to the Trustee. Fees paid by the Plan for the investment management services amounted to \$4,640 for the year ended December 31, 2002.

5. INVESTMENTS

The following presents investments that represent five percent or more of the Plan's net assets.

	DECEMBER 31, 2002	2001
(amounts in thousands except share/unit information)		
Dana Corporation Fixed Principal Fund (GIC), 43,067,496 and 40,962,729 shares, respectively	\$ 43,067	\$ 40,963
Dana Stock Fund, 3,419,371 and 3,723,077 units, respectively	8,890	11,430
Putnam Voyager, 1,286,268 and 1,420,628 shares, respectively	16,348	24,577
Putnam New Opportunities, 372,638 and 373,545 shares, respectively	10,594	15,308
Vanguard Primecap Fund, 203,075 and 196,779 shares, respectively	7,851	10,138
Vanguard Wellington Inv, 333,913 and 319,229 shares, respectively	8,201	8,702
Vanguard 500 Index Inv, 136,164 and 127,425 shares, respectively	11,050	13,493
Other investments	12,752	11,734
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Total	\$ 118,753	\$ 136,345
	=====	=====

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During 2002 and 2001, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$20,286 and \$20,447, respectively, as follows:

	2002	2001
Mutual funds	\$18,876	\$19,455
Common stock fund	1,410	992
	-----	-----
	\$20,286	\$20,447
	=====	=====

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SCHEDULE H, LINE 4i

DANA CORPORATION
 EMPLOYEE INCENTIVE AND SAVINGS INVESTMENT PLAN
 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 DECEMBER 31, 2002
 (AMOUNTS IN THOUSANDS)

(a)	(b)	(c)	(d)
	IDENTITY OF ISSUE	DESCRIPTION OF INVESTMENT	
*	Putnam Investments	Putnam New Opportunities	
*	Putnam Investments	Putnam Voyager	
*	The Vanguard Group	Vanguard 500 Index Inv	
*	The Vanguard Group	Vanguard IT Treasury Fund	
*	The Vanguard Group	Vanguard Int'l Growth Fund	
*	The Vanguard Group	Vanguard LifeSt Conserv Growth	
*	The Vanguard Group	Vanguard LifeSt Growth Fund	
*	The Vanguard Group	Vanguard LifeSt Income Fund	
*	The Vanguard Group	Vanguard LifeSt Moderate Growth Fund	
*	The Vanguard Group	Vanguard LT Treasury Inv	
*	The Vanguard Group	Vanguard Primecap Fund	
*	The Vanguard Group	Vanguard Wellington Inv	

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*	The Vanguard Group	Vanguard Windsor Fund
**	AIG Financial	Guaranteed Investment Contract 4.17%
**	AIG Financial	Guaranteed Investment Contract 5.75%; 9/30/2003
**	AIG Financial	Guaranteed Investment Contract 6.86%; 3/31/2004
**	AIG Financial	Guaranteed Investment Contract 5.76%; 3/31/2006
**	CDC FA	Guaranteed Investment Contract 5.79%; 1/31/2003
**	CDC FA	Guaranteed Investment Contract 5.65%; 2/28/2004
**	CDC FA	Guaranteed Investment Contract 6.00%; 3/10/2004
**	CDC FA	Guaranteed Investment Contract 3.68%; 9/28/2005
**	CDC FA	Guaranteed Investment Contract 5.48%; 12/29/2006
**	CDC FA	Guaranteed Investment Contract 5.86%; 3/30/2007
**	CDC FA	Guaranteed Investment Contract 4.03%
**	Morgan Guaranty	Guaranteed Investment Contract 6.04%; 3/31/2006
**	Morgan Guaranty	Guaranteed Investment Contract 5.69%; 6/30/2006
**	New York Life	Guaranteed Investment Contract 5.93%; 6/30/2005
**	New York Life	Guaranteed Investment Contract 5.69%; 7/15/2005
**	Rabobank	Guaranteed Investment Contract 4.88%; 9/29/2006
**	Rabobank	Guaranteed Investment Contract 5.24%; 6/27/2007
**	Rabobank	Guaranteed Investment Contract 4.53%
**	State Street Bank	Guaranteed Investment Contract 3.27%; 3/31/2003
**	State Street Bank	Guaranteed Investment Contract 7.07%; 3/31/2004

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**	State Street Bank	Guaranteed Investment Contract 6.59%; 9/30/2004
**	UBS	Guaranteed Investment Contract 4.46%
**	The Vanguard Group	VGI Prime Money Market 1.25%
*	Dana Corporation	Dana Stock Fund
*	Participants	Participants notes receivable, interest ranging from 3% to 10%

* Parties-in-interest to the Plan.

** Represents the Plan's proportionate share of the investments held within the Dana Corporation Fixed Principal Fund (GIC).

*** Cost is not required for participant directed investments.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Dana Corporation Investment Committee, which is the administrator of the Dana Corporation Employee Incentive and Savings Investment Plan, has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

Dana Corporation Employee Incentive and
Savings Investment Plan

Date: June 27, 2003

By: /s/ Robert C. Richter

Robert C. Richter

Title: Chairman
Dana Corporation Investment Committee

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