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

FORM 10-Q

(Mark One)

☒

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2004, or

☐

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-15827

VISTEON CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State of incorporation)

One Village Center Drive, Van Buren Township, Michigan
(Address of principal executive offices)

38-3519512
(I.R.S. employer
Identification number)
48111
(Zip code)

Registrant's telephone number, including area code: (800)-VISTEON

17000 Rotunda Drive, Dearborn, Michigan 48120

(Former address if changed since last report)

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

Yes ☒ No ☐

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

Yes ☒ No ☐

As of October 29, 2004, the Registrant had outstanding 129,535,697 shares of common stock, par value \$1.00 per share.

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VISTEON CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
For the Periods Ended September 30, 2004 and 2003
(in millions, except per share amounts)

	Third Quarter		First Nine Months	
	2004	2003	2004	2003
	(unaudited)			
Sales				
Ford and affiliates	\$ 2,772	\$ 2,873	\$ 9,900	\$ 10,186
Other customers	1,382	1,011	4,096	3,015
Total sales	4,154	3,884	13,996	13,201
Costs and expenses (Notes 2 and 4)				
Costs of sales	4,366	3,879	13,578	12,981
Selling, administrative and other expenses	223	262	722	743
Total costs and expenses	4,589	4,141	14,300	13,724
Operating income (loss)	(435)	(257)	(304)	(523)
Interest income	5	5	14	13
Debt extinguishment cost (Note 7)	—	—	11	—
Interest expense	28	24	75	71
Net interest expense and debt extinguishment cost	(23)	(19)	(72)	(58)
Equity in net income of affiliated companies (Note 2)	9	12	38	42
(Loss) before income taxes and minority interests	(449)	(264)	(338)	(539)
Provision (benefit) for income taxes (Note 3)	904	(99)	933	(209)
(Loss) before minority interests	(1,353)	(165)	(1,271)	(330)
Minority interests in net income of subsidiaries	7	3	28	20
Net (loss)	\$ (1,360)	\$ (168)	\$ (1,299)	\$ (350)
(Loss) per share (Note 8)				
Basic and diluted	\$ (10.86)	\$ (1.34)	\$ (10.37)	\$ (2.78)
Cash dividends per share	\$ 0.06	\$ 0.06	\$ 0.18	\$ 0.18

The accompanying notes are part of the financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(in millions)

	September 30, 2004	December 31, 2003
	(unaudited)	
Assets		
Cash and cash equivalents	\$ 729	\$ 953
Marketable securities	5	3
Total cash and marketable securities	734	956
Accounts receivable — Ford and affiliates	1,521	1,198
Accounts receivable — other customers (Note 6)	1,152	1,164
Total receivables, net (Note 2)	2,673	2,362
Inventories (Note 11)	891	761
Deferred income taxes (Note 3)	18	163
Prepaid expenses and other current assets (Note 2)	250	168
Total current assets	4,566	4,410
Equity in net assets of affiliated companies	213	215
Net property	5,060	5,369
Deferred income taxes (Note 3)	23	700
Other assets	231	270
Total assets	\$ 10,093	\$ 10,964
Liabilities and Stockholders' Equity		
Trade payables	\$ 2,363	\$ 2,270
Accrued liabilities	943	924
Income taxes payable	38	27
Debt payable within one year (Note 7)	535	351
Total current liabilities	3,879	3,572
Long-term debt (Note 7)	1,480	1,467
Postretirement benefits other than pensions	556	469
Postretirement benefits payable to Ford	2,123	2,090
Deferred income taxes (Note 3)	146	3
Other liabilities	1,422	1,505
Total liabilities	9,606	9,106
Stockholders' equity		
Capital stock		
Preferred stock, par value \$1.00, 50 million shares authorized, none outstanding	—	—
Common stock, par value \$1.00, 500 million shares authorized, 131 million shares issued, 130 million and 131 million shares outstanding, respectively	131	131
Capital in excess of par value of stock	3,294	3,288
Accumulated other comprehensive loss (Note 12)	(67)	(21)
Other	(28)	(19)
Accumulated deficit	(2,843)	(1,521)
Total stockholders' equity	487	1,858
Total liabilities and stockholders' equity	\$ 10,093	\$ 10,964

The accompanying notes are part of the financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Periods Ended September 30, 2004 and 2003
(in millions)

	First Nine Months	
	2004	2003
	(unaudited)	
Cash and cash equivalents at January 1	\$ 953	\$ 1,204
Cash flows provided by operating activities	227	32
Cash flows from investing activities Capital expenditures	(573)	(641)
Purchases of securities	—	(48)
Sales and maturities of securities	3	118
Other	18	17
Net cash used in investing activities	(552)	(554)
Cash flows from financing activities		
Commercial paper repayments, net	(31)	(66)
Other short-term debt, net	(30)	85
Proceeds from issuance of other debt, net of issuance costs	548	356
Repurchase of unsecured debt securities (Note 7)	(269)	—
Principal payments on other debt	(32)	(121)
Purchase of treasury stock	(11)	(5)
Cash dividends	(24)	(24)
Other, including book overdrafts	(48)	5
Net cash provided by financing activities	103	230
Effect of exchange rate changes on cash	(2)	27
Net decrease in cash and cash equivalents	(224)	(265)
Cash and cash equivalents at September 30	\$ 729	\$ 939

The accompanying notes are part of the financial statements.

VISTEON CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(unaudited)

NOTE 1. Financial Statements

The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments, including normal recurring adjustments, necessary for a fair statement of such information. Results for interim periods should not be considered indicative of results for a full year. Reference should be made to the consolidated financial statements and accompanying notes included in Visteon's Annual Report on Form 10-K for the year ended December 31, 2003, as filed with the Securities and Exchange Commission on February 13, 2004. Certain amounts for prior periods were reclassified to conform with present period presentation.

Visteon Corporation ("Visteon") is a leading, global supplier of automotive systems, modules and components. Visteon sells products primarily to global vehicle manufacturers, and also sells to the worldwide aftermarket for replacement and vehicle appearance enhancement parts. Visteon became an independent company when Ford Motor Company ("Ford") established Visteon as a wholly-owned subsidiary in January 2000 and subsequently transferred to Visteon the assets and liabilities comprising Ford's automotive components and systems business. Ford completed its spin-off of Visteon on June 28, 2000 (the "spin-off"). Prior to incorporation, Visteon operated as Ford's automotive components and systems business.

NOTE 2. Selected Costs, Income and Other Information

Depreciation and Amortization

Depreciation and amortization expenses, which do not include asset impairment charges, are summarized as follows:

	Third Quarter		First Nine Months	
	2004	2003	2004	2003
	(in millions)			
Depreciation	\$ 152	\$ 142	\$ 434	\$ 426
Amortization	26	28	78	76
Total	\$ 178	\$ 170	\$ 512	\$ 502

Investments in Affiliates

The following table presents summarized financial data for those affiliates accounted for under the equity method. The amounts represent 100% of the results of operations of these affiliates. Our share of their net income is reported in the line "Equity in net income of affiliated companies" on the Consolidated Statement of Operations.

	Third Quarter		First Nine Months	
	2004	2003	2004	2003
	(in millions)			
Net sales	\$ 340	\$ 375	\$ 1,127	\$ 1,000
Gross profit	50	81	198	218
Net income	20	23	76	83

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 2. Selected Costs, Income and Other Information — (Continued)

Accounts Receivable

The allowance for doubtful accounts was \$40 million at September 30, 2004 and \$35 million at December 31, 2003. Allowance for doubtful accounts is determined considering factors such as length of time accounts are past due, historical experience of write-offs, and our customers' financial condition. Accounts receivable are written-off when they become uncollectible.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include \$134 million and \$96 million of European value added and other tax receivables at September 30, 2004 and December 31, 2003, respectively.

Other

Costs of sales were reduced by \$20 million, and selling, administrative and other expenses were reduced by \$15 million in the third quarter of 2004, related to adjustments made to estimated provisions for annual incentive compensation programs recorded during the first half of 2004. Costs of sales in the third quarter of 2004 were reduced by \$49 million related to an adjustment made to product recall accruals as a result of settling a product recall claim.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 2. Selected Costs, Income and Other Information — (Continued)

Stock-Based Awards

Starting January 1, 2003, Visteon began expensing the fair value of stock-based awards granted to employees pursuant to Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation." This standard was adopted on a prospective method basis for stock-based awards granted, modified or settled after December 31, 2002. For stock options and restricted stock awards granted prior to January 1, 2003, Visteon measures compensation cost using the intrinsic value method. If compensation cost for all stock-based awards had been determined based on the estimated fair value of stock options and the fair value set at the date of grant for restricted stock awards, in accordance with the provisions of SFAS 123, Visteon's reported net (loss) and (loss) per share would have changed to the pro forma amounts indicated below:

	Third Quarter		First Nine Months	
	2004	2003	2004	2003
	(in millions, except per share amounts)			
Net (loss), as reported	\$ (1,360)	\$ (168)	\$ (1,299)	\$ (350)
Add: Stock-based employee compensation expense included in reported net (loss), net of related tax effects	6	2	12	6
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(11)	(4)	(20)	(14)
Pro forma net (loss)	\$ (1,365)	\$ (170)	\$ (1,307)	\$ (358)
(Loss) per share:				
Basic and diluted — as reported	\$ (10.86)	\$ (1.34)	\$ (10.37)	\$ (2.78)
Basic and diluted — pro forma	\$ (10.90)	\$ (1.35)	\$ (10.43)	\$ (2.85)

Shareholder approval was obtained in May 2004 for the Visteon Corporation 2004 Incentive Plan, as amended and restated (the "Incentive Plan"). The Incentive Plan was originally adopted effective as of June 28, 2000 as the 2000 Incentive Plan, and approved by shareholders on May 9, 2001. The amended and restated Incentive Plan includes changes to increase the maximum number of shares of common stock that may be issued by 1.8 million shares to 14.8 million shares and to change the maximum term of an option or stock appreciation right awarded under the plan after the effective date of the amendment to five years from ten years.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 3. Income Taxes

Deferred income taxes are provided for temporary differences between amounts of assets and liabilities for financial reporting purposes and the basis of such assets and liabilities as measured by tax laws and regulations, as well as net operating loss, tax credit and other carryforwards. Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes", requires that deferred tax assets be reduced by a valuation allowance if, based on all available evidence, it is considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. This assessment requires significant judgment, and in making this evaluation, Visteon considers all available positive and negative evidence, including past results, the existence of cumulative losses in recent periods, and our forecast of taxable income for the current year and future years.

In performing this analysis during the third quarter of 2004, Visteon considered the anticipated impact on our 2004 operating results from Ford's lower than expected North American production estimates for the fourth quarter and full year 2004, as well as increased steel and fuel costs, which we have not been able to recover fully, and delays in the benefits that were expected to be achieved from labor strategies, such as flowbacks and plant-level operating agreements. In light of these recent developments, we no longer believe that Visteon's forecast of 2004 taxable earnings in the U.S. will be achieved. Visteon believes that there is now sufficient negative evidence and uncertainty as to the timing of when we will be able to generate the necessary level of U.S. taxable earnings to recover our net deferred tax assets in the U.S., as such, a full valuation allowance against these deferred tax assets is required. Visteon also has concluded that full valuation allowances are required for deferred tax assets related to certain other foreign countries where recoverability is uncertain. Visteon ceased recording income tax benefits for losses in the U.S. and other affected countries as of July 1, 2004, and will maintain full valuation allowances against our deferred tax assets in the U.S. and applicable foreign countries, which include Germany and the United Kingdom, until sufficient positive evidence exists to reduce or eliminate them.

Visteon's provision for income taxes of \$904 million for the third quarter of 2004 includes \$872 million to write-down our net deferred tax assets, as of the beginning of the third quarter, in the U.S. and certain foreign countries. This charge is comprised of \$901 million of deferred tax assets as of the beginning of the year and \$48 million for income tax benefits recorded during the first half of 2004, partially offset by the reduction of related tax reserves, previously included in other liabilities, of \$77 million. Visteon's provision for income taxes also includes expense of \$32 million and \$109 million for the third quarter and first nine months of 2004, respectively, related to foreign countries where a valuation allowance is not considered necessary and whose operating results continue to be tax-effected.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 4. Special Charges and Dispositions

First Nine Months 2004 Actions

Visteon recorded \$336 million and \$352 million of pre-tax special charges in costs of sales and \$1,208 million and \$1,172 million of after-tax special charges in the third quarter and first nine months of 2004, respectively, as summarized below:

	Third Quarter		First Nine Months	
	Pre-tax	After-tax	Pre-tax	After-tax
(in millions)				
Restructuring and other charges:				
Early retirement incentive and other related	\$ 25	\$ 25	\$ 25	\$ 25
Plant closure related	—	—	10	6
European Plan for Growth related	—	—	6	6
Adjustments to prior year's expense	(1)	(1)	(1)	(1)
Total restructuring and other charges	24	24	40	36
Loss related to asset impairment charges	314	314	314	314
Adjustments related to seating operations	(2)	(2)	(2)	(2)
Deferred tax valuation allowance (Note 3)*	—	872	—	824
Total special charges	\$ 336	\$ 1,208	\$ 352	\$ 1,172

* Third quarter 2004 amount includes \$48 million of tax expense related to tax benefits recorded during the first half of 2004.

Early retirement incentive and other related charges during the third quarter of 2004 are related to incentive programs offered to eligible Visteon-assigned Ford-UAW employees to voluntarily retire or to relocate in order to return to a Ford facility. About 500 employees elected to retire early at a cost of \$18 million and about 210 employees have agreed to return to a Ford facility at a cost of \$7 million.

Plant closure charges are related to the involuntary separation of up to about 200 employees as a result of the closure of our La Verpilliere, France, manufacturing facility. As of September 30, 2004 about 170 employees have been separated, with the remainder expected to be separated by the end of 2004. European Plan for Growth charges are comprised of \$6 million related to the separation of about 50 hourly employees located at Visteon's plants in Europe through a continuation of a special voluntary retirement and separation program started in 2002.

In the third quarter of 2004, accrued liabilities of \$3 million relating to prior year's actions were credited to costs of sales, including \$2 million related to costs to complete the transfer of seat production located in Chesterfield, Michigan, to another supplier, as discussed further in this note.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 4. Special Charges and Dispositions — (Continued)

During the third quarter of 2004, the Automotive Operations recorded a pre-tax, non-cash impairment write-down of \$314 million in costs of sales to reduce the net book value of certain long-lived assets. This write-down was based on an assessment by product line asset group, completed in the third quarter of 2004, of the recoverability of our long-lived assets in light of the challenging environment in which we operate, and included consideration of lower than anticipated Ford North American production volume and the related impact on our future operating projections. Assets are considered impaired if the book value is greater than the undiscounted cash flows expected from the use of the asset. As a result of this analysis the assets of the steering systems product group were impaired. The write-down was approximately \$249 million in North America and \$65 million in Europe and was determined on a "held for use" basis. Fair values were determined primarily based on prices for similar groups of assets determined by a third-party valuation firm.

We continue to assess the recoverability of our long-lived assets in light of the challenging environment in which we operate and as part of our business planning process. If conditions, including the results of any discussions with Ford, indicate that any of these assets are impaired, impairment charges will be required, although we cannot predict the timing or range of amounts, if any, which may result. Visteon considers projected future undiscounted cash flows, trends and other circumstances in making such estimates and evaluations. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such factors as future automotive production volumes (primarily for Ford), selling price changes, labor cost changes, material cost changes, productivity and other cost savings and capital expenditures could significantly affect our evaluations.

First Nine Months 2003 Actions

Visteon recorded in operating results \$2 million and \$299 million of pre-tax special charges in the third quarter and first nine months of 2003, respectively, as summarized below:

	Third Quarter		First Nine Months	
	Pre-tax	After-tax	Pre-tax	After-tax
	(in millions)			
Restructuring and other charges:				
European Plan for Growth related	\$ 8	\$ 5	\$ 56	\$ 35
North American salaried related	—	—	18	12
Other actions	3	2	17	11
Adjustment to prior year's expenses	(9)	(6)	(9)	(6)
Total restructuring and other charges	2	1	82	52
Loss related to seating operations	—	—	217	139
Total special charges	\$ 2	\$ 1	\$ 299	\$ 191

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 4. Special Charges and Dispositions — (Continued)

European Plan for Growth charges of \$56 million are comprised of \$49 million related to the involuntary separation of 675 hourly employees located in Germany and \$7 million related to the separation of about 141 hourly employees located at Visteon's plants in Europe through a continuation of a special voluntary retirement and separation program started in 2002. North American salaried charges of \$18 million are related to the involuntary separation of about 135 U.S. salaried employees. Other actions of \$17 million include the elimination of about 120 manufacturing positions in Mexico and \$4 million of non-cash charges related to the write-down of a group of coiled spring and stamping equipment at our Monroe, Michigan, plant for which production activities were discontinued and the future undiscounted cash flows were less than the carrying value of these fixed assets held for use. Of the \$82 million of pre-tax restructuring and other charges described above, \$6 million was recorded in selling, administrative and other expenses and the remainder in costs of sales.

Accrued restructuring liabilities relating to prior year's restructuring actions of \$9 million were credited to costs of sales in the third quarter of 2003, primarily as a result of reduced costs to complete the closure of the Markham, Ontario facility and the related employee separations.

During the second quarter of 2003, Visteon finalized an agreement with Ford Motor Company to transfer seat production located in Chesterfield, Michigan, to another supplier. As part of this agreement, about 1,470 Visteon-assigned Ford-UAW employees working at the Chesterfield, Michigan, facility transferred to Ford, and Visteon agreed to be responsible to reimburse Ford for the actual net costs of transferring seating production through June 2004, including costs related to Ford hourly employee voluntary retirement and separation programs that Ford was expected to implement, offset by certain cost savings expected to be realized by Ford.

Included in costs of sales and our operating results for the second quarter of 2003 is \$217 million related to the seating operations consisting of:

- \$114 million of payments to be made to Ford for the estimated costs of separating approximately 650 hourly Ford-UAW employees under Ford employee retirement and separation programs and relocation programs expected to be implemented by Ford during the transition process;
- \$60 million of net other contractually-committed cost payments to be made to Ford;
- \$25 million non-cash charge related to certain seating-related fixed assets; and
- \$18 million related to operating losses incurred between the effective date of the agreement (April 1, 2003) and the date the agreements were finalized (June 23, 2003).

A determination of the net costs that Visteon is responsible to reimburse Ford under this agreement was completed in the third quarter of 2004, subject to the final actuarial valuation results expected in the fourth quarter of 2004, resulting in a \$2 million reduction in previously established accruals and a credit to costs of sales. Visteon paid Ford about \$52 million in the first nine months of 2004 and about \$30 million in 2003 under this agreement.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 4. Special Charges and Dispositions — (Continued)

Reserve Activity

Reserve balances of \$33 million and \$45 million at September 30, 2004 and December 31, 2003, respectively, are included in current accrued liabilities on the accompanying balance sheets. The September 30, 2004 reserve balance includes \$14 million related primarily to 2003 restructuring activities. Visteon currently anticipates that the restructuring activities to which all of the above charges relate will be substantially complete by the end of 2004.

	Automotive Operations	Glass Operations	Total Visteon
	(in millions)		
December 31, 2003 reserve balance	\$ 45	\$ —	\$ 45
Included in costs of sales:			
2004 actions	40	1	41
Adjustment to prior year's expenses	(1)	—	(1)
Total expense	39	1	40
Utilization	(51)	(1)	(52)
September 30, 2004 reserve balance	\$ 33	\$ —	\$ 33

Utilization in the first nine months of 2004 of \$52 million is related to incentives paid related to the Ford-UAW early retirement program and severance pay related to other programs.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 5. Employee Retirement Benefits

Visteon's retirement plans' expense for the third quarter and first nine months of 2004 and 2003, respectively, are summarized as follows:

	Retirement Plans				Health Care and Life Insurance Benefits	
	U.S. Plans		Non-U.S. Plans			
	2004	2003	2004	2003	2004	2003
	(in millions)					
Third Quarter						
Service cost	\$ 14	\$ 13	\$ 9	\$ 8	\$ 9	\$ 7
Interest cost	16	14	15	13	12	11
Expected return on plan assets	(16)	(14)	(15)	(13)	—	—
Amortization of:						
Plan amendments	2	2	3	2	(5)	(2)
(Gains) losses and other	1	—	1	—	6	3
Special termination benefits	—	—	—	3	—	—
Expense for Visteon-assigned Ford-UAW and certain salaried employees	27	25	—	—	38	77
Net pension/ postretirement expense	\$ 44	\$ 40	\$ 13	\$ 13	\$ 60	\$ 96
First Nine Months						
Service cost	\$ 42	\$ 40	\$ 27	\$ 24	\$ 27	\$ 20
Interest cost	49	44	48	39	37	33
Expected return on plan assets	(48)	(42)	(46)	(40)	—	—
Amortization of:						
Plan amendments	7	7	8	7	(15)	(5)
(Gains) losses and other	3	—	2	—	20	8
Special termination benefits	—	—	—	13	—	—
Expense for Visteon-assigned Ford-UAW and certain salaried employees	85	150	—	—	113	254
Net pension/ postretirement expense	\$ 138	\$ 199	\$ 39	\$ 43	\$ 182	\$ 310

The expense amount for Visteon-assigned Ford-UAW employees included in the table above for the first nine months of 2003 includes pension expense of \$85 million and retiree health care and life insurance expense of \$17 million related to the transfer of the Chesterfield, Michigan, seat production as discussed further in Note 4.

As of September 30, 2004, contributions to U.S. retirement plans and postretirement health care and life insurance plans were \$138 million and \$40 million, respectively, including payments to Ford of \$80 million and \$18 million, respectively. Visteon presently anticipates additional contributions to U.S. retirement plans and postretirement health care and life insurance plans of \$29 million and \$17 million, respectively in 2004 for a total of \$167 million and \$57 million, respectively, including additional payments to Ford of \$28 million and \$3 million, respectively, for totals of \$108 million and \$21 million, respectively.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 5. Employee Retirement Benefits — (Continued)

The Medicare Drug Improvement and Modernization Act of 2003 was signed into law on December 8, 2003. This legislation provides for a federal subsidy beginning in 2006 to sponsors of retiree health care benefit plans that provide a benefit at least actuarially equivalent to the benefit established by the law. Visteon's plans generally provide retiree drug benefits that exceed the value of the benefit that will be provided by Medicare Part D, and we have concluded that our plans are actuarially equivalent, pending further definition of the criteria used to determine equivalence. This subsidy was estimated to reduce the benefit obligation for Visteon plans by \$95 million as of March 31, 2004, and will be recognized through reduced retiree health care expense over the related employee future service lives, of which \$7 million has been recognized in the first nine months of 2004.

NOTE 6. Asset Securitization

United States

In the first quarter of 2004, Visteon established a revolving accounts receivable securitization facility in the United States ("facility agreement") of up to \$100 million. Under this facility agreement, Visteon can sell a portion of its U.S. trade receivables to Visteon Receivables LLC ("VRL"), a wholly-owned consolidated special purpose entity. VRL may then sell, on a non-recourse basis (subject to certain limited exceptions), an undivided interest in the receivables to an asset-backed, multi-seller commercial paper conduit, which is unrelated to Visteon or VRL. The conduit typically finances the purchases through the issuance of commercial paper, with back-up purchase commitments from the conduit's financial institution. The sale of the undivided interest in the receivables from VRL to the conduit is accounted for as a sale under the provisions of Statement of Financial Accounting Standards No. 140, "Accounting for the Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." When VRL sells an undivided interest to the conduit, VRL retains the remaining undivided interest. The carrying value of the remaining undivided interests approximates the fair market value of these receivables. The value of the undivided interest sold to the conduit is excluded from our consolidated balance sheet and will reduce our accounts receivable balance. Visteon continues to perform the collection and administrative functions related to the accounts receivable. The facility expires in March 2005 and can be extended annually through March 2008 based upon the mutual agreement of the parties. Additionally, the agreement contains financial covenants similar to our unsecured revolving credit facilities.

At the time VRL sells the undivided interest to the conduit, the sale is recorded at fair market value with the difference between the carrying amount and fair value of the assets sold included in operating income as a loss on sale. This difference between carrying value and fair value is principally the estimated discount inherent in the facility agreement, which reflects the borrowing costs as well as fees and expenses of the conduit, and the length of time the receivables are expected to be outstanding. For the first nine months of 2004, gross proceeds from new securitizations were \$85 million; collections and repayments to the conduit were \$45 million, resulting in net proceeds of \$40 million. The retained interest at September 30, 2004 of \$277 million is included in Accounts receivable — other customers on the Consolidated Balance Sheet. The loss on the sale of receivables and customer delinquencies were each less than \$1 million for the first nine months of 2004.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 6. Asset Securitization — (Continued)

Europe

As of September 30, 2004 and December 31, 2003, Visteon has sold euro 38 million (\$47 million) and euro 12 million (\$15 million), respectively, of trade receivables under a European sale of receivables agreement with a bank. This agreement currently provides for the sale of up to euro 60 million in trade receivables.

NOTE 7. Debt

Debt at September 30, 2004 and December 31, 2003, including the fair market value of related interest rate swaps, was as follows:

	September 30, 2004	December 31, 2003
	(in millions)	
Debt payable within one year		
Commercial paper	\$ 50	\$ 81
Other — short-term	204	234
Current portion of long-term debt	281	36
Total debt payable within one year	535	351
Long-term debt		
8.25% notes due August 1, 2010	710	716
7.00% notes due March 10, 2014	447	—
7.95% notes due August 1, 2005	—	518
Term loan due June 25, 2007	198	104
Other	125	129
Total long-term debt	1,480	1,467
Total debt	\$ 2,015	\$ 1,818

On March 10, 2004, Visteon completed a public offering of unsecured fixed-rate term debt securities totaling \$450 million with a maturity of ten years. The securities bear interest at a stated rate of 7.00%, with interest payable semi-annually on March 10 and September 10, beginning on September 10, 2004. The securities rank equally with Visteon's existing and future unsecured fixed-rate term debt securities and senior to any future subordinated debt. The unsecured term debt securities agreement contains certain restrictions, including, among others, a limitation relating to liens and sale-leaseback transactions, as defined in the agreement. In the opinion of management, Visteon was in compliance with all of these restrictions. In addition, an interest rate swap has been entered into for a portion of this debt (\$225 million). This swap effectively converts the securities from fixed interest rate to variable interest rate instruments.

On April 6, 2004, Visteon repurchased \$250 million of our existing 7.95% five-year notes maturing on August 1, 2005. In the second quarter of 2004, Visteon recorded a pre-tax debt extinguishment charge of \$11 million, consisting of redemption premiums and transaction costs (\$19 million), offset partially by the accelerated recognition of gains from interest rate swaps associated with the repurchased debt (\$8 million).

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 7. Debt — (Continued)

Visteon has financing arrangements with a syndicate of third-party lenders that provide contractually committed, unsecured revolving credit facilities (the "Credit Facilities"). During the second quarter of 2004, the 364-day revolving credit facility in the amount of \$565 million was renewed, which now expires in June 2005. In addition to the 364-day revolving facility, Visteon continues to have a five-year revolving credit facility in the amount of \$775 million that expires in June 2007. The Credit Facilities also provide for a delayed-draw term loan in the amount of \$250 million, expiring in 2007, which is used primarily to finance new construction for facilities consolidation in Southeast Michigan. Borrowings under the Credit Facilities bear interest based on a variable rate interest option selected at the time of borrowing. The Credit Facilities contain certain affirmative and negative covenants including a covenant not to exceed a certain leverage ratio of consolidated total debt to consolidated EBITDA (as defined in the agreement) of 3.5 to 1. Visteon has been in compliance with all covenants since the inception of the Credit Facilities. As of September 30, 2004, there were no outstanding borrowings under either the 364-day or the five-year facility; however, there were \$98 million of obligations under standby letters of credit under the five-year facility.

NOTE 8. (Loss) Per Share of Common Stock

Basic (loss) per share of common stock is calculated by dividing reported net (loss) by the average number of shares of common stock outstanding during the applicable period, adjusted for restricted stock. The calculation of diluted income (loss) per share takes into account the effect of dilutive potential common stock, such as stock options, and contingently returnable shares, such as restricted stock.

	Third Quarter		First Nine Months	
	2004	2003	2004	2003
	(in millions, except per share amounts)			
Numerator:				
Net (loss)	\$ (1,360)	\$ (168)	\$ (1,299)	\$ (350)
Denominator:				
Average common stock outstanding	129.6	130.7	129.7	130.3
Less: Average restricted stock outstanding	(4.3)	(5.0)	(4.4)	(4.5)
Basic shares	125.3	125.7	125.3	125.8
Net dilutive effect of restricted stock and stock options	—	—	—	—
Diluted shares	125.3	125.7	125.3	125.8
(Loss) per share:				
Basic and diluted	\$ (10.86)	\$ (1.34)	\$ (10.37)	\$ (2.78)

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 8. (Loss) Per Share of Common Stock — (Continued)

For the third quarter of 2004 and 2003 and first nine months of 2004 and 2003 potential common stock of about 3,410,000 shares, 1,030,000 shares, 3,238,000 shares and 751,000 shares respectively, are excluded, as the effect would have been antidilutive due to the losses incurred during those periods. Options to purchase 8,732,000 shares of common stock at exercise prices ranging from \$10 per share to \$22 per share were outstanding during the third quarter of 2004 but were not included in the computation of diluted income (loss) per share because the options' exercise price was greater than the average market price of the common shares. The options expire at various dates between 2009 and 2012.

NOTE 9. Variable Interest Entities

In December 2003, the FASB issued revised Interpretation No. 46 ("FIN 46") "Consolidation of Variable Interest Entities." Until this interpretation, a company generally included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns. Application of FIN 46 was required during the fourth quarter of 2003 for interests in structures that are commonly referred to as special-purpose entities and for all other types of variable interest entities in the first quarter of 2004.

As a result of the application of FIN 46, the consolidated financial statements include the accounts of Lextron-Visteon Automotive Systems, LLC and MIG-Visteon Automotive Systems, LLC, both joint ventures 49% owned by Visteon or its subsidiaries, that supply integrated cockpit modules and other modules and systems to Nissan. Consolidation of these entities was based on an assessment of the amount of equity investment at risk, the subordinated financial support provided by Visteon, and that Visteon supplies the joint ventures' inventory. The effect of consolidation on Visteon's results of operations or financial position as of September 30, 2004 was not significant as substantially all of the joint ventures' liabilities and costs are related to activity with Visteon.

From June 30, 2002, a variable interest entity owned by an affiliate of a bank is included in Visteon's consolidated financial statements. This entity was established in early 2002 to build a leased facility for Visteon to centralize customer support functions, research and development and administrative operations. Construction of the facility is planned to be substantially completed in 2004, with initial occupancy started in mid-2004. As of September 30, 2004, this entity has incurred about \$210 million of an expected total of \$240 million in capital spending related to this facility.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 10. Product Warranty

A reconciliation of changes in the product warranty liability is summarized as follows:

	First Nine Months 2004
	(in millions)
Beginning balance	\$ 22
Accruals for products shipped	20
Accruals related to pre-existing warranties (including changes in estimates)	10
Settlements	(17)
Ending balance	\$ 35

NOTE 11. Inventories

Inventories are summarized as follows:

	September 30, 2004	December 31, 2003
	(in millions)	
Raw materials, work-in-process and supplies	\$ 645	\$ 518
Finished products	246	243
Total inventories	\$ 891	\$ 761
U.S. inventories	\$ 512	\$ 436

The components of inventory at December 31, 2003 have been conformed to present period presentation to reclassify finished products inventory at several plant locations.

NOTE 12. Comprehensive (Loss)

Comprehensive (loss) is summarized as follows:

	Third Quarter		First Nine Months	
	2004	2003	2004	2003
				(in millions)
Net (loss)	\$ (1,360)	\$ (168)	\$ (1,299)	\$ (350)
Change in foreign currency translation adjustments, net of tax	14	35	(57)	120
Other	9	(4)	11	13
Total comprehensive (loss)	\$ (1,337)	\$ (137)	\$ (1,345)	\$ (217)

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 12. Comprehensive (Loss) — (Continued)

Accumulated other comprehensive (loss) is comprised of the following:

	September 30, 2004	December 31, 2003
	(in millions)	
Foreign currency translation adjustments, net of tax	\$ 73	\$ 130
Realized and unrealized gains on derivatives, net of tax	19	8
Unrealized loss on marketable securities, net of tax	(1)	(1)
Minimum pension liability, net of tax	(158)	(158)
	<hr/>	<hr/>
Total accumulated other comprehensive (loss)	\$ (67)	\$ (21)
	<hr/>	<hr/>

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 13. Segment Information

Visteon's reportable operating segments are Automotive Operations and Glass Operations. Financial information for the reportable operating segments is summarized as follows:

	<u>Automotive Operations</u>	<u>Glass Operations</u>	<u>Total Visteon</u>
	(in millions)		
Third Quarter			
2004:			
Sales	\$ 4,029	\$ 125	\$ 4,154
(Loss) before taxes and minority interests	(441)	(8)	(449)
Net (loss)	(1,312)	(48)	(1,360)
Special charges before taxes	(335)	(1)	(336)
Special charges after taxes	(1,163)	(45)	(1,208)
Total assets, end of period	9,853	240	10,093
2003:			
Sales	\$ 3,753	\$ 131	\$ 3,884
(Loss) before taxes and minority interests	(260)	(4)	(264)
Net (loss)	(166)	(2)	(168)
Special charges before taxes	(3)	1	(2)
Special charges after taxes	(2)	1	(1)
Total assets, end of period	11,359	280	11,639
First Nine Months			
2004:			
Sales	\$ 13,595	\$ 401	\$ 13,996
Income (loss) before taxes and minority interests	(342)	4	(338)
Net (loss)	(1,259)	(40)	(1,299)
Special charges before taxes	(351)	(1)	(352)
Special charges after taxes	(1,127)	(45)	(1,172)
Total assets, end of period	9,853	240	10,093
2003:			
Sales	\$ 12,763	\$ 438	\$ 13,201
Income (loss) before taxes and minority interests	(546)	7	(539)
Net income (loss)	(356)	6	(350)
Special charges before taxes	(299)	—	(299)
Special charges after taxes	(191)	—	(191)
Total assets, end of period	11,359	280	11,639

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS — (Continued)
(unaudited)

NOTE 14. Litigation and Claims

Various legal actions, governmental investigations and proceedings and claims are pending or may be instituted or asserted in the future against Visteon, including those arising out of alleged defects in Visteon's products; governmental regulations relating to safety; employment-related matters; customer, supplier and other contractual relationships; intellectual property rights; product warranties; product recalls; and environmental matters. Some of the foregoing matters involve or may involve compensatory, punitive or antitrust or other treble damage claims in very large amounts, or demands for recall campaigns, environmental remediation programs, sanctions, or other relief which, if granted, would require very large expenditures.

Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. Reserves have been established by Visteon for matters discussed in the foregoing paragraph where losses are deemed probable; these reserves are adjusted periodically to reflect estimates of ultimate probable outcomes. It is reasonably possible, however, that some of the matters discussed in the foregoing paragraph for which reserves have not been established could be decided unfavorably to Visteon and could require Visteon to pay damages or make other expenditures in amounts, or a range of amounts, that cannot be estimated at September 30, 2004. Visteon does not reasonably expect, based on its analysis, that any adverse outcome from such matters would have a material effect on our financial condition, results of operations or cash flows, although such an outcome is possible.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Visteon Corporation

We have reviewed the accompanying consolidated balance sheet of Visteon Corporation and its subsidiaries as of September 30, 2004, and the related consolidated statement of operations for each of the three-month and nine-month periods ended September 30, 2004 and September 30, 2003 and the condensed consolidated statement of cash flows for the nine-month periods ended September 30, 2004 and September 30, 2003. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2003, and the related consolidated statements of operations, stockholders' equity, and of cash flows for the year then ended (not presented herein), and in our report dated January 22, 2004 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2003, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Detroit, Michigan
October 19, 2004

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

The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments, including normal recurring adjustments, necessary for a fair statement of such information. Reference should be made to the consolidated financial statements and accompanying notes included in the company's Annual Report on Form 10-K for the year ended December 31, 2003, as filed with the Securities and Exchange Commission on February 13, 2004.

Overview

Visteon's worldwide sales for the third quarter of 2004 were up \$270 million over the same period in 2003. We continued to make progress in the diversification of our customer base, recording \$1.38 billion in non-Ford sales for the quarter, including nearly \$200 million in net new business. This non-Ford sales mark is the highest for any quarter in Visteon's history and was an increase of 37% compared to the same quarter last year. This quarter also marked our lowest Ford sales quarter in our history, which was \$2.77 billion, a decrease of 4% compared to the same period last year.

Visteon's worldwide sales in the first nine months of 2004 were \$14.0 billion, compared with \$13.2 billion in the first nine months of 2003. Sales to non-Ford customers reached \$4.1 billion for the first nine months of 2004, an increase of \$1.1 billion over the comparable period in 2003, and accounted for 29% of total sales for the first nine months.

Significant special charges in the quarter, totaling \$1.2 billion or \$9.64 per share, contributed to a net loss of \$1.36 billion, or \$10.86 per share. Special charges included the non-cash increase in deferred tax asset valuation allowances of \$872 million and a non-cash asset impairment write-down of \$314 million to reduce the net book value of fixed assets related to the steering systems product group. Additionally, we recognized \$25 million of charges related to early retirement and relocation programs to reduce our Master Agreement UAW workforce that we lease from Ford. Operating losses were primarily due to increasing material and fuel costs, which we have been unable to defray through pricing or other means, and the inflexible cost structure of our legacy businesses relative to production volumes. Our results were aided by product recall and annual incentive compensation accrual adjustments.

Net loss for the first nine months of 2004 was \$1,299 million, or \$10.37 per share, a change of \$949 million over a net loss of \$350 million, or \$2.78 per share, for the first nine months of 2003.

Cash from operations was \$227 million during the first nine months of 2004, an improvement of \$195 million versus the same period last year, and we ended the first nine months of 2004 with \$734 million in cash and marketable securities.

Compared to the third quarter of 2004, we expect our revenues to increase in the fourth quarter of 2004, primarily due to the typical increase in Ford's North American production volumes during the fourth quarter. However, our current cost structure combined with escalating material surcharges will challenge our operating performance for the rest of the year. As we announced previously, we are exploring strategic and structural changes to our business in the U.S. to achieve a sustainable and competitive business. We are currently in discussions with Ford regarding these and other matters. We cannot predict the impact such discussions or any related actions may have on our results of operations or financial condition at this time. Although we expect to reach an agreement, there can be no assurance that we will reach a favorable agreement with Ford in the near term or at all.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)
Restructuring, Dispositions and Special Charges

The table below presents special charges related to deferred tax valuation allowances, fixed asset impairment write-downs, restructuring initiatives and other actions during the third quarter and first nine months of 2004 and 2003, which are discussed further in Notes 3 and 4 to the consolidated financial statements:

	Automotive Operations		Glass Operations		Total	
	Third Quarter	First Nine Months	Third Quarter	First Nine Months	Third Quarter	First Nine Months
(in millions)						
2004 Special Charges						
Loss related to asset impairment charges	\$ (314)	\$ (314)	\$ —	\$ —	\$ (314)	\$ (314)
Early retirement incentive and other related	(24)	(24)	(1)	(1)	(25)	(25)
Plant closure related	—	(10)	—	—	—	(10)
European Plan for Growth	—	(6)	—	—	—	(6)
Adjustment to prior year's expense	3	3	—	—	3	3
Total 2004 special charges, before taxes	\$ (335)	\$ (351)	\$ (1)	\$ (1)	\$ (336)	\$ (352)
Special charges above, after taxes	\$ (335)	\$ (347)	\$ (1)	\$ (1)	\$ (336)	\$ (348)
Deferred tax valuation allowance *	(828)	(780)	(44)	(44)	(872)	(824)
Total 2004 special charges, after taxes	\$ (1,163)	\$ (1,127)	\$ (45)	\$ (45)	\$ (1,208)	\$ (1,172)

* Third quarter 2004 amount includes \$48 million of tax expense related to tax benefits recorded during the first half of 2004

2003 Special Charges						
North American seating operations	\$ —	\$ (217)	\$ —	\$ —	\$ —	\$ (217)
European Plan for Growth	(8)	(56)	—	—	(8)	(56)
North American salaried restructuring	—	(18)	—	—	—	(18)
Other actions	(3)	(16)	—	(1)	(3)	(17)
Adjustment to prior year's expense	8	8	1	1	9	9
Total 2003 special charges, before taxes	\$ (3)	\$ (299)	\$ 1	\$ —	\$ (2)	\$ (299)
Special charges above, after taxes	\$ (2)	\$ (191)	\$ 1	\$ —	\$ (1)	\$ (191)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

First Nine Months 2004 Actions

During the third quarter of 2004, the Automotive Operations recorded a pre-tax, non-cash impairment write-down of \$314 million in costs of sales to reduce the net book value of certain long-lived assets. This write-down was based on an assessment by product line asset group, completed in the third quarter of 2004, of the recoverability of our long-lived assets in light of the challenging environment in which we operate, and included consideration of lower than anticipated Ford North American production volume and the related impact on our future operating projections. Assets are considered impaired if the book value is greater than the undiscounted cash flows expected from the use of the asset. As a result of this analysis the assets of the steering systems product group were impaired. The write-down was approximately \$249 million in North America and \$65 million in Europe and was determined on a "held for use" basis. Fair values were determined primarily based on prices for similar groups of assets determined by a third-party valuation firm.

Early retirement incentive and other related charges during the third quarter of 2004 are related to incentive programs offered to eligible Visteon-assigned Ford-UAW employees to voluntarily retire or to relocate in order to return to a Ford facility. About 500 employees elected to retire early at a cost of \$18 million and about 210 employees have agreed to return to a Ford facility at a cost of \$7 million.

Plant closure charges are related to the involuntary separation of up to about 200 employees as a result of the closure of our La Verpilliere, France, manufacturing facility. As of September 30, 2004 about 170 employees have been separated, with the remainder expected to be separated by the end of 2004. European Plan for Growth charges are comprised of \$6 million related to the separation of about 50 hourly employees located at Visteon's plants in Europe through a continuation of a special voluntary retirement and separation program started in 2002.

In the third quarter of 2004, accrued liabilities of \$3 million relating to prior year's actions were credited to costs of sales, including \$2 million related to costs to complete the transfer of seat production located in Chesterfield, Michigan, to another supplier.

During the third quarter of 2004, Visteon recorded a non-cash charge of \$872 million to increase valuation allowances against our deferred tax assets, as of the beginning of the third quarter, in the U.S. and certain foreign countries. This charge is comprised of \$901 million of deferred tax assets as of the beginning of the year and \$48 million for income tax benefits recorded during the first half of 2004, partially offset by the reduction of related tax reserves, previously included in other liabilities, of \$77 million. Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes", requires that deferred tax assets be reduced by a valuation allowance if, based on all available evidence, it is considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. This assessment requires significant judgment, and in making this evaluation, Visteon considers all available positive and negative evidence, including past results, the existence of cumulative losses in recent periods, and our forecast of taxable income for the current year and future years.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

In performing this analysis during the third quarter of 2004, Visteon considered the anticipated impact on our 2004 operating results from Ford's lower than expected North American production estimates for the fourth quarter and full year 2004, as well as increased steel and fuel costs, which we have not been able to recover fully, and delays in the benefits that were expected to be achieved from labor strategies, such as flowbacks and plant-level operating agreements. In light of these recent developments, we no longer believe that Visteon's forecast of 2004 taxable earnings in the U.S. will be achieved. Visteon believes that there is now sufficient negative evidence and uncertainty as to the timing of when we will be able to generate the necessary level of U.S. taxable earnings to recover our net deferred tax assets in the U.S., as such, a full valuation allowance against these deferred tax assets is required. Visteon also has concluded that full valuation allowances are required for deferred tax assets related to certain other foreign countries where recoverability is uncertain. Visteon ceased recording income tax benefits for losses in the U.S. and other affected countries as of July 1, 2004. Visteon will maintain full valuation allowances against our deferred tax assets in the U.S. and applicable foreign countries, which include Germany and the United Kingdom, until sufficient positive evidence exists to reduce or eliminate them.

First Nine Months 2003 Actions

Included in costs of sales and our operating results for the first nine months of 2003 is \$217 million related to the North American seating operations. During the second quarter of 2003, Visteon finalized an agreement with Ford Motor Company to transfer seat production located in Chesterfield, Michigan, to another supplier. As part of this agreement, about 1,470 Visteon-assigned Ford-UAW employees working at the Chesterfield, Michigan, facility transferred to Ford, and Visteon agreed to be responsible to reimburse Ford for the actual net costs of transferring seating production through June 2004, including costs related to Ford hourly employee voluntary retirement and separation programs that Ford was expected to implement, offset by certain cost savings expected to be realized by Ford. A determination of the net costs that Visteon is responsible to reimburse Ford under this agreement was completed in the third quarter of 2004, subject to the final actuarial valuation results expected in the fourth quarter of 2004, resulting in a \$2 million reduction in previously established accruals and a credit to costs of sales.

European Plan for Growth charges of \$56 million are comprised of \$49 million related to the involuntary separation of 675 hourly employees located in Germany and \$7 million related to the separation of about 141 hourly employees located at Visteon's plants in Europe through a continuation of a special voluntary retirement and separation program started in 2002. North American salaried charges of \$18 million are related to the involuntary separation of about 135 U.S. salaried employees. Other actions of \$17 million include the elimination of about 120 manufacturing positions in Mexico and \$4 million of non-cash charges related to the write-down of a group of coiled spring and stamping equipment at our Monroe, Michigan, plant for which production activities were discontinued.

Accrued restructuring liabilities relating to prior year's restructuring actions of \$9 million were credited to costs of sales in the third quarter of 2003, primarily as a result of reduced costs to complete the closure of the Markham, Ontario facility and the related employee separations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Other

Cash payments related to special charges, including those related to the transfer of the North American seating operations and for severance and special pension benefits, were \$145 million and \$100 million during the first nine months of 2004 and 2003, respectively. Special charges before taxes for the first nine months of 2004 of \$352 million consist of \$314 million of non-cash charges and \$38 million of charges which will be settled in cash.

We continue to evaluate the possibility of partnerships, sales or closings involving other under-performing or non-core businesses. However, there can be no assurance that a transaction or other arrangement favorable to Visteon will occur in the near term or at all. In addition, we continue to assess the recoverability of our long-lived assets in light of the challenging environment in which we operate and as part of our business planning process. If conditions, including the results of any discussions with Ford, indicate that any of these assets are impaired, impairment charges will be required, although we cannot predict the timing or range of amounts, if any, which may result. Visteon considers projected future undiscounted cash flows, trends and other circumstances in making such estimates and evaluations. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such factors as future automotive production volumes (primarily for Ford), selling price changes, labor cost changes, material cost changes, productivity and other cost savings and capital expenditures could significantly affect our evaluations.

Results of Operations

Third Quarter 2004 Compared with Third Quarter 2003

Sales for each of our segments for the third quarter of 2004 and 2003 are summarized in the following table:

	Third Quarter		2004 over/(under) 2003
	2004	2003	
	(in millions)		
Automotive Operations	\$ 4,029	\$ 3,753	\$ 276
Glass Operations	125	131	(6)
Total sales	\$ 4,154	\$ 3,884	\$ 270
Memo: Sales to non-Ford customers			
Amount	\$ 1,382	\$ 1,011	\$ 371
Percentage of total sales	33%	26%	7pts

Sales for Automotive Operations were \$4.0 billion in 2004, compared with \$3.8 billion in 2003, an increase of \$276 million or 7%. Third quarter Ford revenue declined by \$104 million, or 4%, from the third quarter of 2003. Lower Ford production in North America decreased our revenue by more than \$100 million. Price reductions and lower Jaguar production also reduced Ford revenue, but these factors were offset by additional content, Ford European volume, and favorable currency changes of \$33 million. Non-Ford revenue increased \$381 million, or 41%, including new vehicle launches and \$37 million in favorable currency changes.

Sales for Glass Operations were \$125 million in 2004, compared with \$131 million in 2003, a decrease of \$6 million or 5%, reflecting lower volume and price reductions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Costs of sales for the third quarter of 2004 were \$4.4 billion, up \$487 million compared with the third quarter of 2003. Costs of sales include primarily material, labor, manufacturing overhead and other costs, such as product development costs. The increase reflects a non-cash asset impairment charge of \$314 million related to our steering systems product group, net higher variable costs of \$270 million associated with higher global production volumes including new business, currency changes of \$55 million, \$37 million in material surcharges, and \$25 million for UAW early retirement and incentive flow-back programs. These increases were offset partially by the non-recurrence of \$64 million for the 2003 UAW contract ratification, lower other postretirement benefit expense of \$36 million, \$49 million in adjustments to product recall accruals, \$20 million in adjustments to annual incentive compensation accruals made during the first half of 2004, and manufacturing and material cost efficiencies.

Selling, administrative and other expenses for the third quarter of 2004 were \$223 million, \$39 million lower compared with the third quarter of 2003. The lower expenses reflect Information Technology ("IT") and other cost efficiencies, and adjustments to annual incentive compensation program accruals made in the first half of 2004 of \$15 million, offset partially by currency fluctuations of \$7 million.

Net interest expense and debt extinguishment cost of \$23 million in the third quarter of 2004 was \$4 million higher than third quarter of 2003 primarily because of increased net debt.

Equity in net income of affiliated companies was \$9 million in the third quarter of 2004, compared with \$12 million in the third quarter of 2003, with the change primarily related to our affiliates in Asia.

(Loss) before income taxes and minority interests, including and excluding special charges, is the primary profitability measure used by our chief operating decision makers. The following table shows (loss) before income taxes and minority interests for the third quarter of 2004 and 2003, for each of our segments:

	Third Quarter		2004 (under) 2003
	2004	2003	
	(in millions)		
Automotive Operations	\$ (441)	\$ (260)	\$ (181)
Glass Operations	(8)	(4)	(4)
Total	\$ (449)	\$ (264)	\$ (185)
Memo:			
Special charges included above	\$ (336)	\$ (2)	\$ (334)

Automotive Operations' third quarter 2004 loss before income taxes and minority interests was \$441 million compared with a loss of \$260 million for the third quarter of 2003. This includes a non-cash asset impairment charge of \$314 million related to our steering systems product group, and \$24 million in restructuring charges associated with UAW early retirements and the flow-back of workers to Ford, offset partially by the non-recurrence of 2003's UAW contract ratification costs of \$59 million, an adjustment to product recall accruals of \$49 million, and a \$34 million adjustment to accruals made during the first half of the year for annual incentive compensation. Favorable cost performance including a reduction in selling, administrative and other expenses and reduced other postretirement benefit expense were offset by reduced prices to our customers, material surcharges of \$37 million, fuel cost increases, and wage and benefit economic increases.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Loss before income taxes and minority interests for Glass Operations in the third quarter of 2004 was \$8 million compared with \$4 million for the third quarter of 2003, primarily driven by lower volume, offset partially by the non-recurrence of 2003's UAW contract ratification costs of \$5 million, a \$1 million adjustment to accruals made during the first half of the year for annual incentive compensation and \$1 million in restructuring charges associated with UAW early retirements and the flow-back of workers to Ford.

Provision (benefit) for income taxes was a provision of \$904 million for the third quarter compared with a benefit of \$99 million in the third quarter of 2003. The third quarter of 2004 includes a charge of \$872 million related to additional valuation allowances established against the company's deferred tax assets in the U.S. and certain foreign countries as of the beginning of the third quarter. This charge is comprised of \$901 million related to deferred tax assets as of the beginning of the year and \$48 million for income tax benefits recorded during the first half of 2004, offset partially by the reduction of related tax reserves of \$77 million. In addition, Visteon has ceased recording income tax benefits for losses in the U.S. and other affected countries beginning July 1, 2004. Visteon's provision for income taxes in the third quarter of 2004 includes \$32 million of income tax expense for those foreign countries where deferred tax asset valuation allowances are not considered necessary and whose results continue to be tax-effected. Going forward, the need to maintain valuation allowances against our deferred tax assets in the U.S. and other affected countries will cause variability in our effective tax rate.

Minority interests in net income of subsidiaries was \$7 million in the third quarter of 2004 compared with \$3 million in the third quarter of 2003. Minority interest amounts are related primarily to Halla Climate Control Corporation headquartered in Korea, in which we have a 70% ownership interest.

Net (loss) for the third quarter of 2004 and 2003 are shown in the following table for each of our segments:

	Third Quarter		2004 (under) 2003
	2004	2003	
	(in millions)		
Automotive Operations	\$ (1,312)	\$ (166)	\$ (1,146)
Glass Operations	(48)	(2)	(46)
Total	\$ (1,360)	\$ (168)	\$ (1,192)
Memo:			
Special charges included above	\$ (1,208)	\$ (1)	\$ (1,207)

Visteon reported a net loss for the third quarter of 2004 of \$1,360 million compared with a net loss of \$168 million for the third quarter of 2003 because of the factors described above in (loss) before income taxes, and an additional valuation allowance of \$872 million against our deferred tax assets which includes \$48 million of tax expense related to tax benefits recorded during the first half of 2004.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

First Nine Months 2004 Compared with First Nine Months 2003

Sales for each of our segments for the first nine months of 2004 and 2003 are summarized in the following table:

	First Nine Months		2004 over/(under) 2003
	2004	2003	
		(in millions)	
Automotive Operations	\$ 13,595	\$ 12,763	\$ 832
Glass Operations	401	438	(37)
Total sales	\$ 13,996	\$ 13,201	\$ 795
Memo: Sales to non-Ford customers			
Amount	\$ 4,096	\$ 3,015	\$ 1,081
Percentage of total sales	29%	23%	6pts

Sales for Automotive Operations in the first nine months were \$13.6 billion in 2004, compared with \$12.8 billion in 2003, an increase of \$832 million or 7%. This increase reflects higher non-Ford sales of \$1.1 billion including \$202 million of favorable currency changes. In addition, favorable currency changes of \$232 million for Ford sales, and higher Ford European production volumes were offset partially by the impact of lower Ford North American production volume of more than \$350 million, the loss of revenue from the exit of seating operations of \$246 million, and price reductions.

Sales for Glass Operations were \$401 million in 2004, compared with \$438 million in 2003, a decrease of \$37 million or 8%, resulting primarily from price reductions and lower volume.

Costs of Sales for the first nine months of 2004 were \$13.6 billion, up \$597 million compared with the first nine months of 2003. Costs of sales include primarily material, labor, manufacturing overhead and other costs, such as product development costs. Results were affected by special charges which were \$352 million in 2004 and \$293 million in 2003. The 2004 special charges included \$314 million for the impairment of steering systems assets. The 2003 special charges included \$217 million related to the exit of our seating business.

Increased costs also reflected higher net variable costs of \$825 million associated with higher global production volumes, including new business, increased costs resulting from currency fluctuations of \$382 million and material surcharges of \$50 million. These factors were offset partially by the elimination of costs of \$270 million resulting from the exit of our seating operations (excluding special charges), and favorable cost performance, including reduced other postretirement benefit expense, of \$387 million. Costs of sales was also impacted by the non-recurrence of 2003's UAW contract ratification costs of \$64 million, and adjustments to product recall accruals of \$49 million.

Selling, administrative and other expenses for the first nine months of 2004 were \$722 million, \$21 million lower compared with the first nine months of 2003. The decrease reflects efficiencies and spending controls, and reduced IT incremental infrastructure costs of \$16 million offset partially by currency fluctuations of \$23 million. Special charges included in this line item were \$6 million for 2003.

Net interest expense of \$72 million in the first nine months of 2004 was \$14 million higher than the first nine months of 2003, primarily due to \$11 million of debt extinguishment costs from the Tender Offer, and higher U.S. debt levels.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Equity in net income of affiliated companies was \$38 million in the first nine months of 2004, compared with \$42 million in the first nine months of 2003, with the decrease related primarily to our affiliates in Asia.

Income (loss) before income taxes and minority interests, including and excluding special charges, is the primary profitability measure used by our chief operating decision makers. The following table shows income (loss) before income taxes for the first nine months of 2004 and 2003, for each of our segments:

	First Nine Months		2004 over/(under) 2003
	2004	2003	
	(in millions)		
Automotive Operations	\$ (342)	\$ (546)	\$ 204
Glass Operations	4	7	(3)
Total	\$ (338)	\$ (539)	\$ 201
Memo:			
Special charges included above	\$ (352)	\$ (299)	\$ (53)

Automotive Operations' first nine months 2004 loss before income taxes was \$342 million compared with a loss of \$546 million for the first nine months of 2003. Results were affected also by special charges which increased \$53 million. The 2004 special charges included \$314 million for the impairment of steering systems assets. The 2003 special charges included \$217 million related to the exit of our seating business.

The first nine months' results were impacted by the non-recurrence of 2003's UAW contract ratification costs of \$59 million and, an adjustment to product recall accruals of \$49 million. Favorable cost performance, net of reduced prices to our customers, material surcharges, fuel cost increases, and wage and benefit economic increases (despite our reduced other postretirement benefit costs), was \$64 million. Higher production volumes, including new business and higher Ford European production volume offset partially by lower Ford North American production volume, improved first nine months loss before taxes. Results were also improved by \$25 million (excluding special charges) reflecting the exit of our seating operations and currency fluctuations of \$33 million.

Income before income taxes for Glass Operations in the first nine months of 2004 was \$4 million compared with \$7 million before taxes for the first nine months of 2003, reflecting a reduction of aftermarket pricing and volume offset partially by lower other postretirement benefit costs.

Provision (benefit) for income taxes was a provision of \$933 million for the first nine months of 2004, compared with a benefit of \$209 million for the first nine months of 2003. The first nine months of 2004 includes a charge of \$824 million related to additional valuation allowances established against the company's deferred tax assets in the U.S. and certain foreign countries. This charge is comprised of \$901 million related to deferred tax assets as of the beginning of the year, partially offset by the reduction of related tax reserves of \$77 million. Visteon's results for the first nine months of 2004 reflect no income tax benefits for current year losses in the U.S. and other affected countries. In addition, Visteon's provision for income taxes for the first nine months of 2004 includes \$109 million of income tax expense for those foreign countries where deferred tax asset valuation allowances are not considered necessary and whose results continue to be tax-effected. Going forward, the need to maintain valuation allowances against our deferred tax assets in the U.S. and other affected countries will cause variability in our effective tax rate.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Minority interests in net income of subsidiaries were \$28 million in the first nine months of 2004 compared with \$20 million in the first nine months of 2003. Minority interest amounts are related primarily to our 70% ownership interest in Halla Climate Control Corporation headquartered in Korea.

Net income (loss) for the first nine months of 2004 and 2003 are shown in the following table for each of our segments:

	First Nine Months		2004 (under) 2003
	2004	2003	
	(in millions)		
Automotive Operations	\$ (1,259)	\$ (356)	\$ (903)
Glass Operations	(40)	6	(46)
Total	\$ (1,299)	\$ (350)	\$ (949)
Memo:			
Special charges included above	\$ (1,172)	\$ (191)	\$ (981)

Visteon reported a net loss for the first nine months of 2004 of \$1,299 million compared with a net loss of \$350 million for the first nine months of 2003 because of the factors described above in income (loss) before income taxes, and additional valuation allowance of \$824 million against our deferred tax assets. Special charges after taxes were \$1,172 million for the first nine months of 2004 and \$191 million for the first nine months of 2003.

Liquidity and Capital Resources

Overview

Visteon finances its worldwide business with cash flows from operations, supplemented by a combination of liquidity sources, including but not limited to our cash balance, receivables-based programs, committed and uncommitted bank facilities, leasing arrangements, and the issuance of securities. These sources are used also to fund working capital needs, which are highly variable during the year because of changing customer production schedules.

Visteon's balance sheet reflects cash and marketable securities of \$734 million and total debt of \$2,015 million at September 30, 2004, compared with cash and marketable securities of \$956 million and total debt of \$1,818 million at December 31, 2003. The decline in cash and marketable securities is due primarily to an increase in trade working capital related to higher sales volumes at the end of the third quarter compared with the year-end shutdown period. As our operating profitability has become more concentrated with our foreign subsidiaries and joint ventures, our cash balance located outside the U.S. has grown. Approximately one-half of Visteon's cash and marketable securities at September 30, 2004 were held in the United States. Visteon's ability to move cash among our operating locations is subject to the operating needs of each location as well as restrictions imposed by local laws.

Visteon's ratio of total debt to total capital, which consists of total debt plus total stockholders' equity, was 81% at September 30, 2004 and 49% at December 31, 2003, and increased primarily because of the increase in net loss reported during the period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Financing Arrangements

On March 10, 2004, Visteon completed a public offering (the "Notes Sale") of unsecured fixed-rate 7.00% term debt securities totaling \$450 million in aggregate principal amount due in March 2014. Proceeds from the Notes Sale were used for a debt retirement and for general corporate purposes. Concurrent with the Notes Sale, Visteon announced an offer (the "Tender Offer") to purchase for cash up to \$250 million aggregate principal amount of our 7.95% notes due in August 2005. The Tender Offer expired on April 2, 2004, and \$250 million of these notes were retired on April 6, 2004.

In March 2004, Visteon established a revolving accounts receivable securitization facility (the "facility") in the U.S. The facility allows for the sale of a portion of U.S. trade receivables to a wholly-owned consolidated special purpose entity, Visteon Receivables LLC ("VRL"), which may then sell an undivided interest in the receivables to an asset-backed multi-seller conduit which is unrelated to Visteon or VRL. At September 30, 2004, VRL had sold a \$40 million undivided interest in a pool of \$317 million of net receivables. The facility expires in March 2005 and is extendable annually through March 2008 through mutual agreement of both parties. The current maximum amount of undivided interests that VRL could sell to the conduit is approximately \$70 million, although the amount would decrease in the event that Visteon's credit rating were to be lowered.

In Europe, Visteon has an agreement to sell up to euro 60 million in trade receivables to a bank. As of September 30, 2004 and December 31, 2003, Visteon has sold euro 38 million (\$47 million) and euro 12 million (\$15 million), respectively, of trade receivables under this agreement.

Visteon has financing arrangements with a syndicate of third-party lenders that provide contractually committed, unsecured credit facilities in an aggregate maximum amount of \$1,590 million (the "Credit Facilities"). The Credit Facilities include a 364-day revolving credit line in the amount of \$565 million, which expires June 2005, a five-year revolving credit line in the amount of \$775 million which expires June 2007, and a delayed-draw term loan in the amount of \$250 million expiring in 2007, which is used primarily to finance new construction for our facilities consolidation in Southeast Michigan. Borrowings under the Credit Facilities bear interest based on a variable rate interest option selected at the time of borrowing and Visteon's credit rating. Except for the construction related facility, Visteon and its subsidiaries may use the Credit Facilities for any and all general corporate purposes at the discretion of management. As of September 30, 2004, Visteon has borrowed about \$198 million against the delayed-draw term loan facility. As of September 30, 2004, there were no outstanding borrowings under either the 364-day or the five-year facility; however, there were \$98 million of obligations under standby letters of credit under the five-year facility, and, during the third quarter of 2004, Visteon borrowed and repaid \$200 million under the 364-day revolving credit line to fund seasonal working capital needs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

The Credit Facilities contain various affirmative and negative covenants, including limited cross default provisions, a negative financial covenant, a limitation on sale and leaseback transactions, as well as other customary provisions. The cross default provisions of the Credit Facilities could be triggered by an uncured default by Visteon in the payment of the principal of or interest on any borrowing of Visteon of at least \$5 million. Pursuant to the negative financial covenant, Visteon may not exceed a leverage ratio of consolidated total debt to consolidated EBITDA for the trailing four quarters of 3.5 to 1. Consolidated total debt is defined as the aggregate principal amount of all indebtedness of Visteon and its subsidiaries minus all amounts of cash and cash equivalents. Consolidated EBITDA is defined as Visteon's consolidated net income plus the sum of income tax expense, interest expense, amortization or write-off of debt discount and debt issuance costs, depreciation and amortization expense, any non-recurring expenses or losses, and adjusting for any gain or loss from a discontinued operation, or other material acquisition or disposition. At September 30, 2004, Visteon was in compliance with this as well as all other covenants. This covenant would have allowed an increase in Visteon's consolidated total debt of approximately \$850 million at September 30, 2004. Visteon expects to continue to be in compliance with this and other covenants contained in the Credit Facilities.

In addition, our indentures related to our unsecured debt securities contain cross default provisions which could be triggered by a default by Visteon or a significant subsidiary in its obligation to pay a principal or interest payment of \$25 million or more.

Visteon also has bilateral financing arrangements with three banks providing a total of \$75 million of revolving credit which contain similar covenants to those contained in the Credit Facilities and which expire in June 2006. At September 30, 2004, there were no outstanding borrowings under these bilateral arrangements.

At September 30, 2004, Visteon had \$50 million of commercial paper outstanding, compared with \$81 million outstanding at December 31, 2003. Moody's short-term credit rating for Visteon is NP (Not Prime) while S&P's short-term credit rating is WR (Withdrawn). These short-term credit ratings have significantly restricted Visteon's access to the commercial paper market. Consequently, commercial paper is not relied upon as a source of short-term liquidity.

Visteon maintains a trade payables program through General Electric Capital Corporation ("GECC"), subject to periodic review, that provides financial flexibility to Visteon and its suppliers. When a supplier participates in the program, GECC pays the supplier the amount due from Visteon in advance of the original due date. In exchange for the earlier payment, our suppliers accept a discounted payment. Visteon pays GECC the full amount. Approximately \$72 million and \$100 million was outstanding to GECC under this program at September 30, 2004 and December 31, 2003, respectively, which is included in our reported debt balance. The \$72 million balance is supported by standby letters of credit. At September 30, 2004, the maximum advance payment allowed was \$95 million. As part of the same program with GECC, Visteon is allowed to defer payment to GECC for a period of up to 30 days. As of September 30, 2004, Visteon had not exercised the deferral option of the program. This agreement with GECC is scheduled to expire in December 2005. Visteon is evaluating opportunities to replace GECC with another service provider.

At December 31, 2003, Visteon participated in the Ford Supplier Early Pay program in which our receivables were reduced and our cash balances were increased. Visteon stopped participating in this program in the first quarter of 2004 and Ford is no longer offering this program to Visteon. At December 31, 2003, our receivables had been reduced by \$75 million due to this program.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Visteon uses interest rate swaps to manage its interest rate risk. These swaps effectively convert a portion of Visteon's fixed rate debt into variable rate debt, and as a result, approximately 40% of Visteon's borrowings are effectively on a fixed rate basis, while the remainder are subject to changes in short-term interest rates.

Credit Ratings

Visteon's long-term credit rating with Standard & Poor's ("S&P") is BB+; with Moody's it is Ba1, and with Fitch it is BB+. Visteon was placed on Negative watch by all three agencies during the third quarter of 2004. Visteon's access to liquidity has become less reliable and more costly as a result of recent rating agency actions, and any further downgrade in Visteon's credit ratings could further reduce its access to capital, further increase the costs of future borrowings, and increase the possibility of more restrictive terms and conditions contained in any new or replacement financing arrangements.

Cash Requirements

Visteon's expected near-term cash outflows related to debt have changed since December 31, 2003 as a result of completing the March Notes Sale and the April Tender Offer as discussed further in Note 7 to the consolidated financial statements. The remaining balance of the 7.95% notes due August 1, 2005, of \$250 million is now payable within one year. The weighted average maturity of Visteon's long-term notes was 6.1 years at September 30, 2004, compared with 4.2 years in March 2004.

As of September 30, 2004, Visteon had guaranteed about \$22 million of borrowings held by unconsolidated joint ventures. In addition, we have guaranteed Tier 2 suppliers' debt and lease obligations of about \$16 million at September 30, 2004 to ensure the continued supply of essential parts.

Visteon's cash and liquidity needs also are impacted by the level, variability, and timing of our customers' worldwide vehicle production, which varies based on economic conditions and market shares in major markets. Our intra-year needs are impacted also by seasonal effects in the industry, such as the shutdown of operations for about two weeks in July, the subsequent ramp-up of new model production and the additional one-week shutdown in December by our primary North American customers. These seasonal effects normally require use of liquidity resources during the first and third quarters.

Primarily due to the impact on profitability of recent production cutbacks by Visteon's largest customer and material surcharges, we currently do not expect cash flows from operations for 2004 to be greater than capital expenditures. In addition, capital expenditures in 2005 related to our facilities consolidation project are expected to be lower than in 2004. If cash flow from operations is not sufficient to fund capital spending in 2005, we expect to have access to sufficient liquidity to supplement such spending, including but not limited to cash balances, short-term borrowings under the Credit Facilities, receivables-based programs, other asset-backed financing such as leasing, and capital markets access. However, because of the uncertainty regarding economic and market conditions, as well as our discussions with Ford, there can be no assurance that sufficient liquidity from internal or external sources will be available at the times or in the amounts required.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Pension and Postretirement Benefits

Postretirement health care and life insurance expense during the third quarter 2004 was \$36 million lower than the same period in 2003, reflecting Ford's assumption of a portion of the liability for Visteon-assigned employees under the amended and restated agreements entered into with Ford in December 2003 and the Medicare Act, offset partially by lower discount rates. Pension expense for third quarter of 2004 was \$4 million higher than the same period in 2003, reflecting primarily lower discount rates and the effect of the 2003 Ford-UAW collective bargaining agreement.

Ford has disclosed recently that they have received a request for information from the Securities and Exchange Commission in connection with an inquiry related to accounting for pension and other post-retirement benefit plans. Ford charges Visteon for a portion of the cost of pension and other postretirement benefits that are provided by Ford to Visteon-assigned Ford-UAW employees and certain salaried employees, as determined by Ford's actuaries. Given the early stage of this matter, Visteon is unable to predict the impact, if any, that this matter may have on our results of operations or financial position.

Legislation

The Medicare Drug Improvement and Modernization Act of 2003 was signed into law on December 8, 2003. This legislation provides for a federal subsidy beginning in 2006 to sponsors of retiree health care benefit plans that provide a benefit at least actuarially equivalent to the benefit established by the law. Visteon's plans generally provide retiree drug benefits that exceed the value of the benefit that will be provided by Medicare Part D, and we have concluded that our plans are actuarially equivalent, pending further definition of the criteria used to determine equivalence. This subsidy is estimated to reduce the benefit obligation for Visteon plans by \$95 million, and will be recognized through reduced retiree health care expense over the related employee future service lives, of which \$7 million has been recognized in the first nine months of 2004. The impact on Ford plans is included in the postretirement health care and life insurance expense decrease noted above.

Cash Flows

Operating Activities

Cash provided by operating activities during the first nine months of 2004 totaled \$227 million, compared with cash provided by operating activities of \$32 million for the same period in 2003. The improvement is more than explained by reduced pre-tax losses (net of non-cash asset impairment write-downs), improvements in non-Ford receivables and an increase in the utilization of our receivables-based programs. These improvements were offset partially by changes in Ford receivables and inventories. Cash provided from the utilization of our receivables-based programs was \$72 million and \$8 million during the first nine months of 2004 and 2003, respectively. Cash payments related to special charges, including those for severance and special pension benefits, were \$145 million and \$100 million during the first nine months of 2004 and 2003, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Investing Activities

Cash used in investing activities was \$552 million during the first nine months of 2004, compared with \$554 million for the same period in 2003. Visteon's capital expenditures in the first nine months of 2004 totaled \$573 million, compared with \$641 million for the same period in 2003. Visteon's capital spending in each of 2003 and 2004 included spending to fund new construction for consolidation of operations in Southeast Michigan and also to fund IT infrastructure transition and improvements. Visteon anticipates that the facilities' consolidation will allow us to centralize customer support functions, research and development, and selected business operations at lower recurring lease and operating costs. During the first nine months of 2004, Visteon sold \$3 million of marketable securities, compared with net sales of securities of \$70 million in the same period last year. Other investing cash flows are comprised mainly of proceeds from the sale of fixed assets.

Financing Activities

Cash provided by financing activities totaled \$103 million in the first nine months of 2004, compared with \$230 million in the same period in 2003. Financing activities in the first nine months of 2004 include a net increase in debt of \$200 million due to the March Notes Sale and April Tender Offer, offset partially by reductions in short term debt and other debt.

On October 18, 2004, the Visteon Board of Directors declared a dividend of \$0.06 per share on Visteon's common stock payable on December 1, 2004, to the stockholders of record as of October 29, 2004.

Cautionary Statement regarding Forward-Looking Information

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "anticipate," "expect," "intend," "plan," "believe," "seek," "outlook" and "estimate" as well as similar words and phrases signify forward-looking statements. Visteon's forward-looking statements are not guarantees of future results and conditions and important factors, risks and uncertainties may cause our actual results to differ materially from those expressed in our forward-looking statements, including, but not limited to, the following:

- Visteon's dependence on Ford, and our ability to make necessary strategic and structural changes to our business to achieve a sustainable and competitive business, including addressing the cost structure of our legacy operations.
- Changes in vehicle production volume of our customers in the markets where we operate, and in particular changes in Ford's North American vehicle production volume.
- Changes in the operations (including products, product planning and part sourcing), financial condition, results of operations or market share of Visteon's customers, particularly its largest customer, Ford.
- Visteon's ability to win new business from customers other than Ford and to maintain current business with, and win future business from, Ford, and, Visteon's ability to realize expected sales and profits from new business.
- Increases in commodity costs or disruptions in the supply of commodities, including steel, resins, fuel and natural gas.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

- Visteon's ability to generate cost savings to offset or exceed agreed upon price reductions or price reductions to win additional business and, in general, to maintain and improve its operating performance; to recover engineering and tooling costs; to streamline and focus its product portfolio; to sustain technological competitiveness; to compete favorably with automotive parts suppliers with lower cost structures and greater ability to rationalize operations; to achieve the benefits of its restructuring activities; and to exit non-performing businesses on satisfactory terms, particularly due to limited flexibility under existing labor agreements.
- Visteon's ability to reduce its cost structure by, among other things, reducing the number of Ford-UAW workers assigned to work at Visteon locations.
- Restrictions in labor contracts with unions, and with the UAW in particular, that significantly restrict Visteon's ability to close plants, divest unprofitable, noncompetitive businesses, change local work rules and practices at a number of facilities and implement cost-saving measures.
- Visteon's ability to satisfy its future capital and liquidity requirements; Visteon's ability to access the credit and capital markets, which depends in large part on Visteon's credit ratings (which have declined in the past and could decline further in the future); and Visteon's ability to comply with financial covenants applicable to it.
- Visteon's ability to satisfy its pension and other post-employment benefit obligations, and to retire outstanding debt and satisfy other contractual commitments, all at the levels and times planned by management.
- Visteon's ability to access funds generated by its foreign subsidiaries and joint ventures on a timely and cost effective basis.
- Significant changes in the competitive environment in the major markets where Visteon procures materials, components or supplies or where its products are manufactured, distributed or sold.
- Legal and administrative proceedings, investigations and claims, including product liability, warranty, environmental and safety claims, and any recalls of products manufactured or sold by Visteon.
- Changes in economic conditions, currency exchange rates, changes in foreign laws, regulations or trade policies or political stability in foreign countries where Visteon procures materials, components or supplies or where its products are manufactured, distributed or sold.
- Shortages of materials or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to or difficulties in the employment of labor in the major markets where Visteon purchases materials, components or supplies to manufacture its products or where its products are manufactured, distributed or sold.
- Changes in laws, regulations, policies or other activities of governments, agencies and similar organizations, domestic and foreign, that may tax or otherwise increase the cost of, or otherwise affect, the manufacture, licensing, distribution, sale, ownership or use of Visteon's products or assets.
- Possible terrorist attacks or acts of war, which could exacerbate other risks such as slowed vehicle production, interruptions in the transportation system, or fuel prices and supply.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

- The cyclical and seasonal nature of the automotive industry.
- Visteon's ability to comply with environmental, safety and other regulations applicable to it and any increase in the requirements, responsibilities and associated expenses and expenditures of these regulations.
- Visteon's ability to protect its intellectual property rights, and to respond to changes in technology and technological risks and to claims by others that Visteon infringes their intellectual property rights.
- Delays in completing Visteon's transition to an information technology environment that is separate from Ford's environment and Visteon's ability to transition to new information technology systems and applications, which could have an effect on Visteon's internal control over financial reporting.
- Other factors, risks and uncertainties detailed from time to time in Visteon's Securities and Exchange Commission filings.

These risks and uncertainties are not the only ones facing our company. Additional risks and uncertainties not presently known to Visteon or currently believed to be immaterial also may adversely affect Visteon. Any risks and uncertainties that develop into actual events could have material adverse effects on Visteon's business, financial condition and results of operations. For these reasons, do not place undue reliance on our forward-looking statements. Visteon does not intend or assume any obligation to update any of these forward-looking statements.

New Accounting Standards and Accounting Changes

In December 2003, the FASB issued revised Interpretation No. 46 ("FIN 46") "Consolidation of Variable Interest Entities." Until this interpretation, a company generally included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns. Application of FIN 46 was required during the fourth quarter of 2003 for interests in structures that are commonly referred to as special-purpose entities and for all other types of variable interest entities in the first quarter of 2004. The effect of applying the consolidation provisions of FIN 46 on Visteon's results of operations or financial position as of September 30, 2004 was not significant.

In December 2003, the FASB issued Statement of Financial Accounting Standards No. 132 (revised 2003) ("SFAS 132-R"), "Employers' Disclosures about Pensions and Other Postretirement Benefits." This revised statement expands financial statement disclosures for defined benefit plans related to plan assets, investment policies, future benefit payments and plan contributions. Certain disclosure requirements of SFAS 132-R were effective for the year ended December 31, 2003, with additional disclosure requirements during 2004.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Other Financial Information

PricewaterhouseCoopers LLP, an independent registered public accounting firm, performed a limited review of the financial data presented on page 1 through 20 inclusive. The review was performed in accordance with standards for such reviews established by the Public Company Accounting Oversight Board (United States). The review did not constitute an audit; accordingly, PricewaterhouseCoopers LLP did not express an opinion on the aforementioned data. Their review report included herein is not a "report" with the meaning of Sections 7 and 11 of the 1933 Act and the independent registered public accounting firm's liability under Section 11 does not extend to it.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Visteon is exposed to market risks from changes in currency exchange rates, interest rates and certain commodity prices. To manage these risks, we use a combination of fixed price contracts with suppliers, cost sourcing arrangements with customers and financial derivatives. We maintain risk management controls to monitor the risks and the related hedging. Derivative positions are examined using analytical techniques such as market value and sensitivity analysis. Derivative instruments are not used for speculative purposes, as per clearly defined risk management policies.

Foreign Currency Risk

Visteon's net cash inflows and outflows exposed to the risk of changes in exchange rates arise from the sale of products in countries other than the manufacturing source, foreign currency denominated supplier payments, debt and other payables, subsidiary dividends and investments in subsidiaries. Visteon's on-going solution is to reduce the exposure through operating actions. We use foreign exchange forward contracts to manage a portion of our exposure.

Visteon's primary foreign exchange exposure includes the Mexican peso, euro, Canadian dollar and Czech koruna. Because of the mix between our costs and our revenues in various regions, we are exposed generally to weakening of the euro and to strengthening of the Mexican peso, Canadian dollar and Czech koruna. For transactions in these currencies, Visteon utilizes a strategy of partial coverage. As of September 30, 2004, our coverage for projected transactions in these currencies was about 65% for 2004.

As of September 30, 2004 and December 31, 2003, the net fair value of financial instruments with exposure to currency risk was an asset of \$9 million and a liability of \$10 million, respectively. The hypothetical pre-tax gain or loss in fair value from a 10% favorable or adverse change in quoted currency exchange rates would be approximately \$77 million and \$81 million as of September 30, 2004 and December 31, 2003, respectively. These estimated changes assume a parallel shift in all currency exchange rates and include the gain or loss on financial instruments used to hedge loans to subsidiaries. Because exchange rates typically do not all move in the same direction, the estimate may overstate the impact of changing exchange rates on the net fair value of our financial derivatives. It is also important to note that gains and losses indicated in the sensitivity analysis would be offset by gains and losses on the underlying exposures being hedged.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK — (Continued)

Interest Rate Risk

Visteon has entered into interest rate swaps to manage its interest rate risk. These swaps effectively convert a portion of Visteon's fixed rate debt into variable rate debt, and as a result, approximately 40% of the company's borrowings are on a fixed rate basis, while the remainder is subject to changes in short-term interest rates. Visteon's interest rate swaps have contributed favorably to reduce interest expense in 2004. During the third quarter of 2004, Visteon reduced the portion of its debt that is subject to changes in short-term interest rates by unwinding some of its interest rate swaps. This action allowed us to maintain our desired mix of fixed and variable debt, after considering our cash balances.

As of September 30, 2004 and December 31, 2003, the net fair value of interest rate swaps was an asset of \$6 million and \$15 million, respectively. The potential loss in fair value of these swaps from a hypothetical 50 basis point adverse change in interest rates would be approximately \$15 million and \$10 million as of September 30, 2004 and December 31, 2003, respectively. Because of hedge accounting under Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," this reduction in value would not immediately affect Visteon's reported income.

The annual increase in pre-tax interest expense from a hypothetical 50 basis point adverse change in variable interest rates (principally LIBOR) would be approximately \$6 million and \$5 million as of September 30, 2004 and December 31, 2003, respectively. Approximately half of the increases in expense is related to variable-rate debt and half is related to interest rate swaps.

Commodity Risk

Visteon has entered into long-term agreements with some of our key suppliers of non-ferrous metals to protect Visteon from changes in market prices. In addition, some products Visteon manufactures and sells to Ford containing non-ferrous metals are price-adjusted monthly based on metal content and market price. During the third quarter of 2003, Visteon initiated the use of financial instruments to lock in pricing of its forward year copper purchases. As of September 30, 2004 and December 31, 2003, the net fair value of copper derivatives was an asset of \$3 million and \$2 million, respectively. The potential loss in fair value from a 10% adverse change in quoted prices would be \$2 million at September 30, 2004 and December 31, 2003. Because of hedge accounting under SFAS 133, this reduction in value would not immediately affect Visteon's reported income.

Natural gas is a commodity Visteon uses in its manufacturing processing, related primarily to glass production, as well as for heating our facilities. Uncertainty in both supply and demand for this commodity has led to price instability over the last three years. As of September 30, 2004, Visteon has locked in pricing on about 80% of its remaining projected usage for 2004, through financial derivatives. As of September 30, 2004 and December 31, 2003, the net fair value of natural gas derivatives was an asset of \$13 million and \$9 million, respectively. The potential loss in fair value of these derivative contracts from a 10% adverse change in quoted prices would be approximately \$5 million at September 30, 2004 and December 31, 2003. Because of hedge accounting under SFAS 133, this reduction in value would not immediately affect Visteon's reported income.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK — (Continued)

Steel products and plastics resins are purchased for various uses but are not hedged due to the lack of acceptable hedging instruments in the market. Visteon's exposures to steel and resin price changes are currently managed through negotiations with our suppliers and our customers although there can be no assurance that Visteon will not have to absorb any or all price increases and/or surcharges. When and if acceptable hedging instruments for steel and plastics resins are available in the market, management will determine at that time if financial hedging is appropriate, depending upon Visteon's exposure level at that time, the effectiveness of the financial hedge and other factors.

Precious metals (for catalytic converter production) are purchased through a Ford-directed source; Ford accepts all market price risk. As a result, we presently do not enter into financial derivatives to hedge these potential exposures.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, Visteon carried out an evaluation, under the supervision and with the participation of Visteon's Disclosure Committee and management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon, and as of the date of, this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in Visteon's periodic SEC reports is recorded, processed, summarized and reported as and when required. Except as otherwise discussed herein, there have been no changes in Visteon's internal control over financial reporting during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, Visteon's internal control over financial reporting.

In January 2003, we entered into a global IT outsourcing arrangement with IBM, which provides for, among other things, the transition of Visteon applications from Ford's IT systems, upon which we have relied since our spin-off. The first phase of this transition was completed in October 2003, and the second phase was completed in April 2004. The migration of all remaining applications from Ford's IT systems is expected to be completed early in 2005.

We are currently undergoing a comprehensive effort in preparation for compliance with Section 404 of the Sarbanes-Oxley Act of 2002. In the course of its evaluation, management has identified certain deficiencies in internal controls over financial reporting which the company is addressing with remediation actions. Specifically, we are improving the controls and procedures related to the company's new business processes and systems utilized to record revenue and manage the related accounts receivable associated with sales to Ford. Management will consider these and other matters when assessing the effectiveness of the company's internal controls over financial reporting at year end.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various legal proceedings, which are ordinary, routine proceedings, incidental to the conduct of our business. We do not believe that any legal proceedings to which we are a party will have a material adverse effect on our financial condition or results of operations, although such an outcome is possible.

ITEM 6. EXHIBITS

Exhibits

Please refer to the Exhibit Index on Page 44.

SIGNATURE

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

VISTEON CORPORATION

By: /s/ JAMES F. PALMER

James F. Palmer
Executive Vice President and
Chief Financial Officer

Date: November 4, 2004

EXHIBIT INDEX

Exhibit Number	Exhibit Name
3.1	Amended and Restated Certificate of Incorporation of Visteon Corporation ("Visteon") is incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q of Visteon dated July 24, 2000.
3.2	Amended and Restated By-laws of Visteon as in effect on the date hereof is incorporated herein by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q of Visteon dated November 14, 2001.
4.1	Amended and Restated Indenture dated as of March 10, 2004 between Visteon and J.P. Morgan Trust Company, as Trustee, is incorporated herein by reference to Exhibit 4.01 to the Current Report on Form 8-K of Visteon dated March 3, 2004 (filed as of March 19, 2004).
4.2	Supplemental Indenture dated as of March 10, 2004 between Visteon and J.P. Morgan Trust Company, as Trustee, is incorporated herein by reference to Exhibit 4.02 to the Current Report on Form 8-K of Visteon dated March 3, 2004 (filed as of March 19, 2004).
4.3	Form of Common Stock Certificate of Visteon is incorporated herein by reference to Exhibit 4.1 to Amendment No. 1 to the Registration Statement on Form 10 of Visteon dated May 19, 2000.
10.1	Master Transfer Agreement dated as of March 30, 2000 between Visteon and Ford Motor Company ("Ford") is incorporated herein by reference to Exhibit 10.2 to the Registration Statement on Form S-1 of Visteon dated June 2, 2000 (File No. 333-38388).
10.2	Purchase and Supply Agreement dated as of December 19, 2003 between Visteon and Ford is incorporated herein by reference to Exhibit 10.2 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2003.
10.3	2003 Relationship Agreement dated December 19, 2003 between Visteon and Ford is incorporated herein by reference to Exhibit 10.3 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2003.
10.4	Master Separation Agreement dated as of June 1, 2000 between Visteon and Ford is incorporated herein by reference to Exhibit 10.4 to Amendment No. 1 to the Registration Statement on Form S-1 of Visteon dated June 6, 2000 (File No. 333-38388).
10.5	Aftermarket Relationship Agreement dated as of January 1, 2000 between Visteon and the Automotive Consumer Services Group of Ford is incorporated herein by reference to Exhibit 10.5 to Amendment No. 1 to the Registration Statement on Form 10 of Visteon dated May 19, 2000.
10.6	Amended and Restated Hourly Employee Assignment Agreement dated as of April 1, 2000, as amended and restated as of December 19, 2003, between Visteon and Ford is incorporated herein by reference to Exhibit 10.6 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2003.
10.7	Amended and Restated Employee Transition Agreement dated as of April 1, 2000, as amended and restated as of December 19, 2003, between Visteon and Ford is incorporated herein by reference to Exhibit 10.7 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2003.
10.8	Tax Sharing Agreement dated as of June 1, 2000 between Visteon and Ford is incorporated herein by reference to Exhibit 10.8 to the Registration Statement on Form S-1 of Visteon dated June 2, 2000 (File No. 333-38388).

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Exhibit Number	Exhibit Name
10.9	Visteon Corporation 2004 Incentive Plan, as amended and restated, is incorporated herein by reference to Appendix B to the Proxy Statement of Visteon dated March 30, 2004.*
10.9.1	Form of Terms and Conditions of Nonqualified Stock Options.*
10.9.2	Form of Terms and Conditions of Restricted Stock Grants.*
10.9.3	Form of Terms and Conditions of Restricted Stock Units.*
10.9.4	Form of Terms and Conditions of Stock Appreciation Rights.*
10.10	Form of Revised Change in Control Agreement is incorporated herein by reference to Exhibit 10.10 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2000.*
10.10.1	Schedule identifying substantially identical agreements to Revised Change in Control Agreement constituting Exhibit 10.10 hereto entered into by Visteon with Messrs. Pestillo, Johnston, Orchard, Palmer, Pfannschmidt, Chatterjee and Marcin, and Ms. Fox.*
10.11	Issuing and Paying Agency Agreement dated as of June 5, 2000 between Visteon and The Chase Manhattan Bank is incorporated herein by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q of Visteon dated July 24, 2000.
10.12	Corporate Commercial Paper — Master Note dated June 1, 2000 is incorporated herein by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q of Visteon dated July 24, 2000.
10.13	Letter Loan Agreement dated as of June 12, 2000 from The Chase Manhattan Bank is incorporated herein by reference to Exhibit 10.13 to the Quarterly Report on Form 10-Q of Visteon dated July 24, 2000.
10.14	Visteon Corporation Deferred Compensation Plan for Non-Employee Directors, as amended, is incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2003.*
10.15	Visteon Corporation Restricted Stock Plan for Non-Employee Directors, as amended, is incorporated herein by reference to Exhibit 10.15 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2003.*
10.16	Visteon Corporation Deferred Compensation Plan, as amended, is incorporated herein by reference to Exhibit 10.16 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.17	Visteon Corporation Savings Parity Plan is incorporated herein by reference to Exhibit 10.17 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.18	Visteon Corporation Pension Parity Plan is incorporated herein by reference to Exhibit 10.18 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.19	Visteon Corporation Supplemental Executive Retirement Plan is incorporated herein by reference to Exhibit 10.19 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.20	Executive Employment Agreement dated as of September 15, 2000 between Visteon and Michael F. Johnston is incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K for the period ended December 31, 2001.*

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Exhibit Number	Exhibit Name
10.21	Service Agreement dated as of November 1, 2001 between Visteon International Business Development, Inc., a wholly-owned subsidiary of Visteon, and Dr. Heinz Pfannschmidt is incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.22	Visteon Corporation Executive Separation Allowance Plan is incorporated herein by reference to Exhibit 10.22 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.23	Trust Agreement dated as of February 7, 2003 between Visteon and The Northern Trust Company establishing a grantor trust for purposes of paying amounts to certain executive officers under the plans constituting Exhibits 10.14, 10.16, 10.17, 10.18, 10.19 and 10.22 hereto is incorporated herein by reference to Exhibit 10.23 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.*
10.24	Five-Year Revolving Loan Credit Agreement dated as of June 20, 2002 among Visteon, the several banks and other financial institutions or entities from time to time parties to the agreement, JPMorgan Chase Bank, as administrative agent, and Bank of America N.A., as syndication agent, is incorporated herein by reference to Exhibit 10.24 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.
10.25	364-Day Credit Agreement dated as of June 18, 2004 among Visteon, the several banks and other financial institutions or entities from time to time parties to the agreement, JPMorgan Chase Bank, as administrative agent, and Citibank, N.A., as syndication agent.
10.26	Five-Year Term Loan Credit Agreement dated as of June 25, 2002 among Visteon, the several banks and other financial institutions or entities from time to time parties to the agreement, JPMorgan Chase Bank, as administrative agent, and Bank of America N.A., as syndication agent, is incorporated herein by reference to Exhibit 10.26 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2002.
10.27	Pension Plan Agreement effective as of November 1, 2001 between Visteon Holdings GmbH, a wholly-owned subsidiary of Visteon, and Dr. Heinz Pfannschmidt is incorporated herein by reference to Exhibit 10.27 to the Quarterly Report on Form 10-Q of Visteon dated May 7, 2003.*
10.28	Hourly Employee Conversion Agreement dated as of December 22, 2003 between Visteon and Ford is incorporated herein by reference to Exhibit 10.28 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2003.
10.29	Employment Agreement effective as of January 1, 2004 between Visteon and Daniel R. Coulson is incorporated herein by reference to Exhibit 10.29 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2003.*
10.30	Visteon Corporation Non-Employee Director Stock Unit Plan is incorporated herein by reference to Appendix C to the Proxy Statement of Visteon dated March 30, 2004.*
10.31	Employment Agreement dated as of June 2, 2004 between Visteon and James F. Palmer is incorporated herein by reference to Exhibit 10.31 to the Quarterly Report on Form 10-Q of Visteon dated July 30, 2004.*
12.1	Statement re: Computation of Ratios
15.1	Letter of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, dated November 1, 2004 relating to Financial Information.

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Exhibit Number	Exhibit Name
31.1	Rule 13a-14(a) Certification of Chief Executive Officer dated November 4, 2004.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer dated November 4, 2004.
32.1	Section 1350 Certification of Chief Executive Officer dated November 4, 2004.
32.2	Section 1350 Certification of Chief Financial Officer dated November 4, 2004.

† Portions of this exhibit have been redacted pursuant to a confidential treatment request filed with the Secretary of the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The redacted material was filed separately with the Securities and Exchange Commission.

* Indicates that exhibit is a management contract or compensatory plan or arrangement.

In lieu of filing certain instruments with respect to long-term debt of the kind described in Item 601(b)(4) of Regulation S-K, Visteon agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request.

VISTEON CORPORATION 2004 INCENTIVE PLAN
VISTEON CORPORATION EMPLOYEES EQUITY INCENTIVE PLAN

TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTIONS

Visteon Corporation, a Delaware corporation (together with its subsidiaries, the "Company"), subject to the terms and conditions of the Visteon Corporation 2004 Incentive Plan, formerly known as the Visteon Corporation 2000 Incentive Plan, and the Visteon Corporation Employees Equity Incentive Plan (collectively, the "Plan") and this Agreement, hereby grants to the Participant named in the Appendix to this Agreement, non-qualified stock options ("Option") as further described below.

1. Grant of Option.

The Company hereby grants to the Participant an "Option" to purchase the number of shares of common stock of the Company ("Option Shares") set forth in the Appendix, effective as of the date or dates ("Grant Date") and exercisable as of the date or dates ("Vesting Dates") at the price per Option Share ("Exercise Price") set forth in the Appendix, in accordance with the terms and conditions specified herein. In the event of certain corporate transactions, the number of Option Shares covered by this Agreement may be adjusted by the Organization and Compensation Committee of the Board of Directors of the Company (the "Committee") as further described in Section 13 of the Plan.

2. Termination of Employment.

a. Unless provided otherwise under the remaining provisions of this Paragraph 2, if the Participant's employment with the Company is terminated for any reason, the Participant's right to exercise the Option will terminate on the date of termination of employment and all rights hereunder will cease. Options that have not yet vested as of the date of termination of employment will be forfeited.

b. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated by reason of retirement, disability or death, and provided that at the date of termination, the Participant had remained in the employ of the Company for at least 180 days following the Grant Date, the Participant's rights with respect to the Option will continue in effect or continue to accrue for the period ending on the date immediately preceding the tenth anniversary of the Grant Date, for Options with a Grant Date prior to 2004, and on the date immediately preceding the fifth anniversary of the Grant Date, for Options with a Grant Date after 2003, subject to any other limitation on the exercise of such rights in effect at the date of exercise. For purposes of this Agreement, "retirement" means normal, regular early, special early or disability retirement under a retirement plan of the Company that includes such provisions, or retirement after 30 years of service, after attaining age 55 and 10 years of service, or after attaining age 65, under any other retirement plan of the Company.

c. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated under mutually satisfactory conditions, and provided that at the date of termination, the Participant had remained in the employ of the Company for at least 180 days following the Grant Date, the Participant's rights with respect to the Option will continue in effect or continue to accrue until the date 90 days after the date of such termination (but not later than the date immediately preceding the tenth anniversary of the Grant Date, for Options with a Grant Date prior to 2004, and not later than the date immediately preceding the fifth anniversary of the Grant Date, for Options with a Grant Date after 2003), subject to any other limitation on the exercise of such rights in effect at the date of exercise.

d. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated at any time by reason of a sale or other disposition (including, without limitation, a transfer to a joint venture) of the division, operation or subsidiary in which the Participant was employed

or to which the Participant was assigned, the Participant's rights with respect to the Option will terminate on the date of such termination, or such later date as is approved by the Committee, but not later than the date immediately preceding the tenth anniversary of the Grant Date for Options with a Grant Date prior to 2004, and the date immediately preceding the fifth anniversary of the Grant Date for Options with a Grant Date after 2003, provided that the Participant satisfies both of the following conditions: (i) at the date of termination, the Participant had remained in the employ of the Company for 90 days following the Grant Date, and (ii) the Participant continues to be or becomes employed in such division, operation or subsidiary following such sale or other disposition and remains in such employ until the date of exercise of such Option.

e. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated due to layoff, and provided that at the date of termination, the Participant had remained in the employ of the Company for at least 365 days following the Grant Date, the Participant's rights with respect to the Option will continue in effect until the date 365 days (in the case of Options with Grant Dates prior to May 9, 2001, 90 days) after the date of such termination (but not later than the date immediately preceding the tenth anniversary of the Grant Date for Options with a Grant Date prior to 2004, and the date immediately preceding the fifth anniversary of the Grant Date, for Options with a Grant Date after 2003), subject to any other limitation on the exercise of such rights in effect at the date of exercise. Options not yet vested at the date of termination will be forfeited.

f. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated by reason of discharge or release in the best interest of the Company (or, in the case of Options with Grant Dates prior to May 9, 2001, voluntary quit), the Participant's right to exercise the Option will terminate on the date of termination of employment and all rights hereunder will cease.

g. Notwithstanding the provisions of Paragraph 2a, in the case of Options with Grant Dates on and after May 9, 2001, if the Participant's employment with the Company is terminated by reason of voluntary quit, the Participant's rights with respect to Options that are vested at the date of termination will continue in effect until the date 90 days after the date of such termination (but not later than the date immediately preceding the tenth anniversary of the

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Grant Date for Options with a Grant Date prior to 2004, and immediately preceding the fifth anniversary of the Grant Date for Options with a Grant Date after 2003), subject to any other limitation on the exercise of such rights in effect at the date of exercise. Options not yet vested at the date of termination will be forfeited.

h. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated without cause under the provisions of the Visteon Separation Program (VSP) or a successor severance plan of the Company, and provided that at the date of termination, the Participant had remained in the employ of the Company for at least 180 days following the Grant Date, the Participant's rights with respect to the Option will continue in effect until the date 365 days after the date of such termination (but not later than the date immediately preceding the tenth anniversary of the Grant Date for Options with Grant Dates prior to 2004, and immediately preceding the fifth anniversary of the Grant Date for Options with Grant Dates after 2003), subject to any other limitation on the exercise of such rights in effect at the date of exercise. Options not yet vested at the date of termination will be forfeited.

3. Cancellation of the Option.

The Option will terminate, and cease to be exercisable, on the earliest of the following:

a. Ten years from the Grant Date of Grant for Options with Grant Dates prior to 2004; or five years from the Grant Date for Options with Grant Dates after 2003

b. In the event of the Participant's termination of employment, such earlier date as determined in accordance with the rules set forth in Paragraph

2.

4. Exercise of Option.

a. The Participant may, subject to the limitations of this Agreement and the Plan, exercise all or any portion of the Option that has become vested and that has not been cancelled under Paragraphs 2 and 3 by (i) providing notice of exercise to the Company (in a form acceptable to the Company) specifying the whole number of Option Shares with respect to which the Option is being exercised, accompanied by payment of the exercise price, withholding taxes and any applicable fees and expenses for such Option Shares in cash or by check, or (ii) through a cashless exercise procedure established by the Committee. If the Participant lives in a foreign jurisdiction, the Committee has the right to limit the means of exercise to only a cashless exercise.

b. After receiving proper notice of exercise and full payment of the exercise price, including full payment of any taxes, any brokerage fees associated with the sale of the Option Shares, and any other applicable fees and expenses, the Company will issue to the Participant (or the Participant's beneficiary) the Option Shares purchased.

c. Notwithstanding the foregoing, the Option will not be exercisable if and to the extent the Committee determines that such exercise would violate applicable state or federal securities laws or the rules and regulations of any securities exchange on which the Stock is then

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traded, or would violate the laws of any foreign jurisdiction, and the exercise thereof may be limited or delayed until such requirements are met.

d. The Company may retain the services of a third-party administrator to effectuate Option exercises and to perform other administrative services in connection with the Plan. To the extent that the Company has retained such an administrator, any reference to the Company shall be deemed to refer to such third party administrator retained by the Company, and the Company may require the Participant to exercise the Participant's Options only through such third-party administrator.

5. Withholding.

The Company may deduct and withhold from any cash payable to the Participant or may, as a condition to the issuance of any Option Shares hereunder, require the Participant to pay to the Company or otherwise indemnify the Company to its satisfaction, such amount as may be required for the purpose of satisfying the Company's obligation to withhold federal, state or local taxes in connection with any exercise of the Option.

6. Conditions on Option Award.

Notwithstanding anything herein to the contrary, the Committee may cancel the Option, and may refuse to deliver any Option Shares for which the Participant (or the Participant's beneficiary) has tendered a notice of exercise and payment of the exercise price, if:

a. During the period from the date of the Participant's termination of employment from the Company to the date any Option Shares purchased hereunder are delivered to the Participant (or the Participant's beneficiary), the Committee determines that the Participant has either (i) refused to be available, upon request, at reasonable times and upon a reasonable basis, to consult with, supply information to and otherwise cooperate with the Company with respect to any matter that was handled by the Participant or under the Participant's supervision while the Participant was in the employ of the Company or (ii) engaged in any activity that is directly or indirectly in competition with any activity of the Company; or

b. The Committee determines that the Participant, at any time (whether before or after employment with the Company, and whether before or after the grant of this Option), acted in any manner detrimental to the best interests of the Company.

In the event that the Committee refuses to deliver Option Shares under this Paragraph 6, the amount of the exercise price and taxes, if any, tendered

by the Participant or the Participant's beneficiary for purchase of the Option Shares will be promptly returned to the Participant or the beneficiary.

7. Nontransferability.

Except as provided in Paragraph 8 of this Agreement, the Participant has no rights to sell, assign, transfer, pledge, or otherwise alienate the Option under this Agreement, and any such attempted sale, assignment, transfer, pledge or other conveyance will be null and void. The

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Option will be exercisable during the Participant's lifetime only by the Participant (or the Participant's legal representative).

8. Beneficiary.

The Participant may designate a beneficiary to exercise the Option after the Participant's death on the form or in the manner prescribed for such purpose by the Committee. Absent such designation, the Participant's beneficiary will be the Participant's estate. The Participant may from time to time revoke or change the Participant's beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Company. If a Participant designates his or her spouse as beneficiary, such designation automatically shall become null and void on the date of the Participant's divorce or legal separation from such spouse. The last such designation received by the Company will be controlling; provided, however, that no designation, or change or revocation thereof, will be effective unless received by the Company prior to the Participant's death, and in no event will any designation be effective as of a date prior to such receipt. If the Committee is in doubt as to the identity of the beneficiary, the Company may refuse to recognize such exercise, without liability for any interest or dividends on the underlying Option Shares, until the Committee determines the identity of the beneficiary, or the Committee may deem the Participant's estate as beneficiary, or the Company may apply to any court of appropriate jurisdiction and such application will be a complete discharge of the liability of the Company therefor.

9. Securities Law Restrictions.

a. The Participant acknowledges that the Participant is acquiring the Option and the Option Shares for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "Act"). The Participant agrees and acknowledges with respect to any Option Shares that have not been registered under the Act, that (a) the Participant will not sell or otherwise dispose of such Option Shares except pursuant to an effective registration statement under the Act and any applicable state securities laws, or in a transaction which in the opinion of counsel for the Company is exempt from such registration, and (b) a legend may be placed on the certificates for the Option Shares to such effect. As further conditions to the issuance of the Option Shares, the Participant agrees for himself or herself, the Participant's beneficiary, and the Participant's heirs, legatees and legal representatives, prior to such issuance, to execute and deliver to the Company such investment representations and warranties, and to take such other actions, as the Committee determines may be necessary or appropriate for compliance with the Act and any applicable securities laws.

b. Notwithstanding anything herein to the contrary, the Committee, in its sole and absolute discretion, may refuse to honor any notice of exercise, may delay an exercise or delay issuing Option Shares following an exercise, may impose additional limitations on the Participant's or beneficiary's ability to exercise the Option or receive Option Shares upon exercise, and/or may impose restrictions or conditions on the Participant's or beneficiary's ability to directly or indirectly sell, hypothecate, pledge, loan, or otherwise encumber, transfer or dispose of the Option Shares acquired upon exercise, if the Committee determines that such action is

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necessary or desirable for compliance with any applicable state, federal or

foreign law, the requirements of any stock exchange on which the Option Shares are then traded, or is requested by the Company or the underwriters managing any underwritten offering of the Company's securities pursuant to an effective registration statement filed under the Act.

10. Limited Interest.

a. The grant of the Option shall not be construed as giving the Participant any interest other than as provided in this Agreement.

b. The Participant shall have no rights as a shareholder as a result of the grant of the Option, until the Option is exercised, the exercise price and applicable taxes are paid, and the Option Shares issued hereunder.

c. The grant of the Option shall not confer on the Participant any right to continue as an employee or continue in service of the Company, nor interfere in any way with the right of the Company to terminate the Participant at any time.

d. The grant of the Option shall not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger, consolidation or business combination of the Company, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the stock or the rights of the holders thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other Company act or proceeding, whether of a similar character or otherwise.

e. The Participant acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Option under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of stock options or benefits in lieu of stock options in the future. Future grants, if any, will be at the sole discretion of the Committee, including, but not limited to, the timing of any grant, the number of options, vesting provisions, and the exercise price.

11. Consent to Transfer of Personal Data.

The Participant voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Participant's ability to participate in the Plan. The Company holds certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of

managing and administering the Plan ("Data"). The Company and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of stock acquired pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect Participant's ability to

participate in the Plan.

12. Incorporation by Reference.

The terms of the Plan are expressly incorporated herein by reference. Capitalized terms that are not defined in this Agreement will have the meaning ascribed to them under the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall govern.

13. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles thereof.

14. Severability.

In the event any term or condition set forth in this Agreement is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been inserted.

15. Amendment.

The terms and conditions set forth in this Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the parties thereto.

16. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

VISTEON CORPORATION 2004 INCENTIVE PLAN

TERMS AND CONDITIONS OF RESTRICTED STOCK GRANTS

Visteon Corporation, a Delaware corporation (together with its subsidiaries, the "Company"), subject to the terms of the Visteon Corporation 2004 Incentive Plan, formerly known as the Visteon Corporation 2000 Incentive Plan (the "Plan") and this Agreement, hereby grants to the Participant named in the Appendix to this Agreement, shares of common stock of the Company subject to restrictions ("Restricted Shares") as further described herein.

1. Grant of Restricted Stock.

The Company hereby grants to the Participant the number of Restricted Shares set forth in the Appendix, effective as of the date or dates ("Grant Date") and subject to such restrictions set forth in the Appendix. In the event of certain corporate transactions, the number of Restricted Shares covered by this Agreement may be adjusted by the Organization and Compensation Committee of the Board of Directors of the Company (the "Committee") as further described in Section 13 of the Plan.

2. Lapsing of Restrictions and Release of Shares.

a. During the Participant's continuous employment with the Company, the restrictions on the Restricted Shares will lapse in accordance with the release schedule set forth in the Appendix.

b. In the event that application of the release schedule results in the release of a fractional share of restricted stock, only whole shares will be considered released.

c. Upon a Change in Control of the Company, the Restricted Shares subject to restrictions will be released to the Participant provided the Participant is employed by the Company, as of the date immediately preceding the date on which the Change in Control occurs.

3. Termination of Employment.

a. Unless provided otherwise under the remaining provisions of this Paragraph 3, if the Participant's employment with the Company is terminated for any reason, Participant will forfeit any and all rights to Restricted Shares with restrictions that have not lapsed on the termination date.

b. Notwithstanding the provisions of Paragraph 3a, if the Participant is placed on leave of absence, with or without pay, the Restricted Shares shall be held by the Company and will be released in accordance with the provisions of Paragraph 2 as if the Participant was actively employed.

c. Notwithstanding the provisions of Paragraph 3a, if the Participant's employment with the Company is terminated by reason of disability (as defined in the

Company's long-term disability plan), death, retirement or termination without cause under the provisions of the Visteon Separation Program (VSP) or a successor severance plan of the Company, and if the Participant had remained in the employ of the Company for at least 180 days following the Grant Date, the Restricted Shares shall be released to the Participant on a pro rata basis, based on the number of years that have lapsed following the Grant Date in the manner set forth in the Appendix. For purposes of this Agreement, "retirement" means normal, regular early, special early or disability retirement under a retirement plan of the Company that includes such provisions, or retirement after 30 years of service, after attaining age 55 and 10 years of service, or after attaining age 65, under any other retirement plan of the Company.

d. Notwithstanding the provisions of Paragraph 3a, if the Participant's employment with the Company is terminated at any time by reason of a sale or other disposition (including, without limitation, a transfer to a joint venture) of the division, operation or subsidiary in which the Participant was employed

or to which the Participant was assigned, the Restricted Shares shall be forfeited, provided that if the Participant satisfies both of the following conditions, Restricted Shares prorated based on the number of months from the Grant Date to the date of termination of employment from the Company shall be released to the Participant: (i) at the date of Participant's termination of employment with the Company, the Participant had been actively employed by the Company for at least 90 days following the Grant Date, and (ii) Participant continues employment with the division, operation or subsidiary following such sale or other disposition (or any successor to such division, operation or subsidiary) until the earlier of retirement as defined in Paragraph 2c, substituting "successor" for "Company", or the date that the restrictions would otherwise lapse.

4. Restricted Share Account.

a. The Company will hold the Restricted Shares in an account in the name of the Participant. As soon as practicable following the lapse of restrictions on the Restricted Shares, said shares shall be released to the Participant. As soon as practicable following the date on which there occurs any event that results in the Participant ceasing to accrue service toward satisfaction of restrictions for the Restricted Shares, the Company shall release to the Participant the number of Restricted Shares, if any, to which the Participant is entitled, less applicable withholding and brokerage fees associated with the sale of Restricted Shares, and the remaining Restricted Shares shall be forfeited.

b. The Company may retain the services of a third-party administrator to perform administrative services in connection with the Plan. To the extent the Company has retained such an administrator, any reference to the Company shall be deemed to refer to any such third-party administrator retained by the Company, and the Company may require the Participant to exercise the Participant's rights under this Agreement only through such third-party administrator.

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5. Dividends.

Any dividends paid on Restricted Shares prior to the date on which the Participant forfeits such shares shall be distributed to the Participant, subject to applicable withholding, fees and expenses.

6. Withholding.

a. Upon the release of previously granted Restricted Shares pursuant to Paragraph 4 above, the Company may satisfy its tax withholding obligations in any manner determined by the Committee, including by withholding a portion of the Participant's cash compensation or by withholding a number of shares of stock having a fair market value, as determined by the Committee, equal to the amount required to be withheld. The fair market value of any fractional share of stock remaining after the withholding requirements are satisfied will be paid to the Participant in cash. The Company may also require the Participant to deliver a check in the amount of any tax withholding obligation, or to otherwise indemnify the Company, as a condition to the issuance of any stock hereunder.

b. Dividends paid on Restricted Shares prior to the lapse of the restrictions are subject to applicable tax withholding as described in subsection 6(a). Dividends paid on Restricted Shares after restrictions have lapsed are not subject to tax withholding.

7. Conditions on Award.

Notwithstanding anything herein to the contrary, the Committee may cancel an award of Restricted Shares, and may refuse to deliver shares of stock for which restrictions have lapsed, if:

a. During the period from the date of the Participant's termination of employment from the Company to the date any shares of stock for which restrictions have lapsed are delivered to the Participant (or the Participant's beneficiary), the Committee determines that the Participant has either (i) refused to be available, upon request, at reasonable times and upon a reasonable basis, to consult with, supply information to and otherwise cooperate with the

Company with respect to any matter that was handled by the Participant or under the Participant's supervision while the Participant was in the employ of the Company or (ii) engaged in any activity that is directly or indirectly in competition with any activity of the Company; or

b. The Committee determines that the Participant, at any time (whether before or after the Participant's employment with the Company, and whether before or after the grant of the Restricted Shares), acted in any manner that the Committee deems detrimental to the best interests of the Company.

8. Nontransferability.

Except as provided in Paragraph 9 of this Agreement, the Participant has no right to sell, assign, transfer, pledge, or otherwise alienate the Restricted Shares prior to the date on

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which the Restricted Shares are transferred to the Participant free and clear of the restrictions, and any attempted sale, assignment, transfer, pledge or other conveyance will be null and void.

9. Beneficiary.

The Participant may designate a beneficiary to receive stock that may be released on or after the Participant's death on the form or in the manner prescribed for such purpose by the Committee. Absent such designation, the Participant's beneficiary will be the Participant's estate. The Participant may from time to time revoke or change the beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Company. If a Participant designates his or her spouse as beneficiary, such designation automatically shall become null and void on the date of the Participant's divorce or legal separation from such spouse. The last such designation received by the Company will be controlling; provided, however, that no designation, or change or revocation thereof, will be effective unless received by the Company prior to the Participant's death, and in no event will any designation be effective as of a date prior to such receipt. If the Committee is in doubt as to the identity of the beneficiary, the Committee may deem the Participant's estate as the beneficiary, or the Company may apply to any court of appropriate jurisdiction and such application will be a complete discharge of the liability of the Company therefor.

10. Securities Law Restrictions.

a. The Participant acknowledges that the Restricted Shares granted under this Agreement, and any stock that may be transferred to the Participant, are being acquired for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "Act"). The Participant agrees and acknowledges, with respect to any stock that has not been registered under the Act, that (a) the Participant will not sell or otherwise dispose of such stock except pursuant to an effective registration statement under the Act and any applicable state securities laws, or in a transaction which in the opinion of counsel for the Company is exempt from such registration, and (b) a legend may be placed on the certificates for the stock to such effect. As further conditions to the issuance of the stock, the Participant agrees for himself or herself, the Participant's beneficiary, and the Participant's heirs, legatees and legal representatives, prior to such issuance, to execute and deliver to the Company such investment representations and warranties, and to take such other actions, as the Committee determines may be necessary or appropriate for compliance with the Act and any applicable securities laws.

b. Notwithstanding anything herein to the contrary, the Committee, in its sole and absolute discretion, may delay transferring stock or may impose restrictions or conditions on the Participant's (or any beneficiary's) ability to directly or indirectly sell, hypothecate, pledge, loan, or otherwise encumber, transfer or dispose of the stock, if the Committee determines that such action is necessary or desirable for compliance with any applicable state, federal or foreign law, the requirements of any stock exchange on which the stock is then traded, or is requested by the Company or the underwriters managing any underwritten offering of the Company's securities pursuant to an effective registration statement filed under the Act.

11. Voting Rights.

The Restricted Shares may be voted by the Participant.

12. Limited Interest.

a. The grant of the Restricted Shares shall not be construed as giving the Participant any interest other than as provided in this Agreement.

b. The grant of the Restricted Shares shall not confer on the Participant any right to continue as an employee or continue in service of the Company, nor interfere in any way with the right of the Company to terminate the Participant's employment at any time.

c. The grant of the Restricted Shares shall not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger, consolidation or business combination of the Company, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the stock or the rights of the holders thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other Company act or proceeding, whether of a similar character or otherwise.

d. The Participant acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Restricted Stock under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Restricted Stock or benefits in lieu of Restricted Stock in the future. Future grants, if any, will be at the sole discretion of the Committee, including, but not limited to, the timing of any grant, the number of shares to be granted, and restrictions placed on such shares.

13. Consent to Transfer of Personal Data.

The Participant voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Participant's ability to participate in the Plan. The Company holds certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or

elsewhere throughout the world, such as the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of stock acquired pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may

affect the Participant's ability to participate in the Plan.

14. Incorporation by Reference.

The terms of the Plan are expressly incorporated herein by reference. Capitalized terms that are not defined in this Agreement will have the meaning ascribed to them under the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall govern.

15. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles thereof.

16. Severability.

In the event any provision of the Agreement is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision has not been inserted.

17. Amendment.

This Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the parties thereto.

18. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

VISTEON CORPORATION 2004 INCENTIVE PLAN

TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS

Visteon Corporation, a Delaware corporation (together with its subsidiaries, the "Company"), subject to the terms of the Visteon Corporation 2004 Incentive Plan, formerly known as the Visteon Corporation 2000 Incentive Plan (the "Plan") and this Agreement, hereby grants to the Participant named in the Appendix to this Agreement, Restricted Stock Units as further described herein.

1. Grant of Restricted Stock Unit.

The Company hereby grants to the Participant the number of Restricted Stock Units set forth in the Appendix, effective as of the date or dates ("Grant Date") and subject to the terms and conditions set forth herein and in the Appendix attached hereto. In the event of certain corporate transactions, the number of Restricted Stock Units covered by this Agreement may be adjusted by the Organization and Compensation Committee of the Board of Directors of the Company (the "Committee") as further described in Section 13 of the Plan.

2. Vesting of Restricted Stock Units and Payment of Final Award.

a. During the Participant's continuous employment with the Company, the Restricted Stock Units will vest in accordance with the vesting schedule set forth in the Appendix.

b. In the event that application of the vesting schedule results in the vesting of a fractional unit, only whole units will be considered vested.

c. Upon a Change in Control of the Company, outstanding Restricted Stock Units will vest and a Final Award, as provided in Section 4, paid to the Participant provided the Participant is employed by the Company as of the date immediately preceding the date on which the Change in Control occurs.

3. Termination of Employment.

a. Unless provided otherwise under the remaining provisions of this Paragraph 3, if the Participant's employment with the Company is terminated for any reason, Participant will forfeit any and all rights to Restricted Stock Units that have not vested on the termination date.

b. Notwithstanding the provisions of Paragraph 3a, if the Participant is placed on leave of absence, with or without pay, the Restricted Stock Units shall remain in the Participant's Account and will vest in accordance with the provisions of Paragraph 2 as if the Participant was actively employed.

c. Notwithstanding the provisions of Paragraph 3a, if the Participant's employment with the Company is terminated by reason of disability (as defined in the Company's long-term disability plan), death, retirement or termination without cause under the provisions of the Visteon Separation Program (VSP) or a successor severance plan of the Company, and if the Participant had remained in the employ of the Company for at least 180 days following the Grant Date, the Restricted Stock Units shall vest on a pro rata basis, based on the number of years that have lapsed following the Grant Date in the manner set forth in the Appendix. For purposes of this Agreement, "retirement" means normal, regular early, special early or disability retirement under a retirement plan of the Company that includes such provisions, or retirement after 30 years of service, after attaining age 55 and 10 years of service, or after attaining age 65, under any other retirement plan of the Company.

d. Notwithstanding the provisions of Paragraph 3a, if the Participant's employment with the Company is terminated at any time by reason of a sale or other disposition (including, without limitation, a transfer to a joint venture) of the division, operation or subsidiary in which the Participant was employed or to which the Participant was assigned, the Restricted Stock Units shall be forfeited, provided that if the Participant satisfies both of the following

conditions, Restricted Stock Units prorated based on the number of months from the Grant Date to the date of termination of employment from the Company shall vest and a Final Award determined in accordance with Section 4 and paid to the Participant: (i) at the date of Participant's termination of employment with the Company, the Participant had been actively employed by the Company for at least 90 days following the Grant Date, and (ii) Participant continues employment with the division, operation or subsidiary following such sale or other disposition (or any successor to such division, operation or subsidiary) until the earlier of retirement as defined in Paragraph 2c, substituting "successor" for "Company", or the date that the Restricted Stock Units would otherwise vest..

4. Restricted Stock Unit Account and Final Awards.

a. The Company will credit the Restricted Stock Units to a hypothetical Restricted Stock Unit Account that shall be the record of Restricted Stock Units granted to the Participant under the plan and shall be for record keeping purposes only. The Company shall have no obligation to segregate any assets for the benefit of the Participant. As soon as practicable following the vesting of the Restricted Stock Units, the Company shall pay to the Participant a single lump sum cash award equal to the number of vested Restricted Stock Units in the Participant's Restricted Stock Unit Account multiplied by the Fair Market Value (as defined in the Plan) on the vesting date of a share of Company Common Stock, less applicable withholding taxes. As soon as practicable following the date on which there occurs any event that results in the Participant ceasing to accrue service toward vesting of the Restricted Stock Units, the Company shall pay to the Participant a Final Award based on the number of Restricted Stock Units, if any, in which the Participant has vested, less applicable withholding taxes, and the remaining Restricted Stock Units shall be forfeited.

b. The Company may retain the services of a third-party administrator to perform administrative services in connection with the Plan. To the extent the Company has retained such an administrator, any reference to the Company shall be deemed to refer to any

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such third-party administrator retained by the Company, and the Company may require the Participant to exercise the Participant's rights under this Agreement only through such third-party administrator.

5. Dividend Equivalents.

Each Participant to whom a Restricted Stock Unit is granted and remains outstanding shall be entitled to receive payment of the same amount of cash that such Participant would have received as cash dividends, as if, on each record date during the period that the Restricted Stock Unit remains outstanding, such Participant had been the holder of record of a number of shares of Stock equal to 100% of the Restricted Stock Units, subject to applicable withholding taxes.

6. Withholding.

a. Upon the Vesting of Restricted Stock Units pursuant to Paragraph 4 above, the Company may satisfy its tax withholding obligations in any manner determined by the Committee, including by withholding a portion of the Participant's cash compensation. The fair market value of any fraction of a vested Restricted Stock Unit remaining after the withholding requirements are satisfied will be paid to the Participant in cash. The Company may also require the Participant to deliver a check in the amount of any tax withholding obligation, or to otherwise indemnify the Company, as a condition to the issuance of any Final Award hereunder.

b. Dividend Equivalents paid on Restricted Stock Units are subject to applicable tax withholding as described in subsection 6(a).

7. Conditions on Award.

Notwithstanding anything herein to the contrary, the Committee may cancel an award of Restricted Stock Units, and may refuse to pay a Final Award, if:

a. During the period from the date of the Participant's termination of employment from the Company to the date any Final Award is paid to the Participant (or the Participant's beneficiary), the Committee determines that

the Participant has either (i) refused to be available, upon request, at reasonable times and upon a reasonable basis, to consult with, supply information to and otherwise cooperate with the Company with respect to any matter that was handled by the Participant or under the Participant's supervision while the Participant was in the employ of the Company or (ii) engaged in any activity that is directly or indirectly in competition with any activity of the Company; or

b. The Committee determines that the Participant, at any time (whether before or after the Participant's employment with the Company, and whether before or after the grant of the Restricted Stock Units), acted in any manner that the Committee deems detrimental to the best interests of the Company.

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8. Nontransferability.

Except as provided in Paragraph 9 of this Agreement, the Participant has no right to sell, assign, transfer, pledge, or otherwise alienate the Restricted Stock Units, and any attempted sale, assignment, transfer, pledge or other conveyance will be null and void.

9. Beneficiary.

The Participant may designate a beneficiary to receive any Final Award that may be paid on or after the Participant's death on the form or in the manner prescribed for such purpose by the Committee. Absent such designation, the Participant's beneficiary will be the Participant's estate. The Participant may from time to time revoke or change the beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Company. If a Participant designates his or her spouse as beneficiary, such designation automatically shall become null and void on the date of the Participant's divorce or legal separation from such spouse. The last such designation received by the Company will be controlling; provided, however, that no designation, or change or revocation thereof, will be effective unless received by the Company prior to the Participant's death, and in no event will any designation be effective as of a date prior to such receipt. If the Committee is in doubt as to the identity of the beneficiary, the Committee may deem the Participant's estate as the beneficiary, or the Company may apply to any court of appropriate jurisdiction and such application will be a complete discharge of the liability of the Company therefor.

10. Legal Restrictions.

Notwithstanding anything herein to the contrary, the Committee, in its sole and absolute discretion, may delay payment of a Final Award to a Participant or beneficiary or may impose restrictions or conditions on the Participant's (or any beneficiary's) receipt of a Final Award, if the Committee determines that such action is necessary or desirable for compliance with any applicable state, federal or foreign law, the requirements of any stock exchange on which the stock is then traded, or is requested by the Company or the underwriters managing any underwritten offering of the Company's securities pursuant to an effective registration statement filed under the Act.

11. Voting Rights.

Participants shall have no voting rights with respect to the Restricted Stock Units.

12. Limited Interest.

a. The grant of the Restricted Stock Units shall not be construed as giving the Participant any interest other than as provided in this Agreement.

b. The grant of the Restricted Stock Units shall not confer on the Participant any right to continue as an employee or continue in service of the Company, nor interfere in any way with the right of the Company to terminate the Participant's employment at any time.

c. The grant of the Restricted Stock Units shall not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger, consolidation or business combination of the Company, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the stock or the rights of the holders thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other Company act or proceeding, whether of a similar character or otherwise.

d. The Participant acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Restricted Stock Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Restricted Stock Units or benefits in lieu of Restricted Stock Units in the future. Future grants, if any, will be at the sole discretion of the Committee, including, but not limited to, the timing of any grant, the number of Restricted Stock Units to be granted, and the terms and conditions of such Restricted Stock Units.

13. Consent to Transfer of Personal Data.

The Participant voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Participant's ability to participate in the Plan. The Company holds certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of stock acquired pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect the Participant's ability to participate in the Plan.

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14. Incorporation by Reference.

The terms of the Plan are expressly incorporated herein by reference. Capitalized terms that are not defined in this Agreement will have the meaning ascribed to them under the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall govern.

15. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles thereof.

16. Severability.

In the event any provision of the Agreement is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision has not been inserted.

17. Amendment.

This Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the parties thereto.

18. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

VISTEON CORPORATION 2004 INCENTIVE PLAN

TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

Visteon Corporation, a Delaware corporation (together with its subsidiaries, the "Company"), subject to the terms and conditions of the Visteon Corporation 2004 Incentive Plan, formerly known as the Visteon Corporation 2000 Incentive Plan, (the "Plan") and this Agreement, hereby grants to the Participant named in the Appendix to this Agreement, Stock Appreciation Rights ("SARs") as further described below.

1. Grant of SARs.

The Company hereby grants to the Participant the number of SARs set forth in the Appendix, effective as of the date or dates ("Grant Date") and exercisable as of the date or dates ("Vesting Dates") at the price per SAR ("Exercise Price") set forth in the Appendix, in accordance with the terms and conditions specified herein. Each SAR represents the right to receive, without payment to the Company, an amount of cash equal to the amount by which the Fair Market Value of a share of Company Common Stock exceeds the Exercise Price on the date the SAR is exercised. In the event of certain corporate transactions, the number of SARs covered by this Agreement may be adjusted by the Organization and Compensation Committee of the Board of Directors of the Company (the "Committee") as further described in Section 13 of the Plan.

2. Termination of Employment.

a. Unless provided otherwise under the remaining provisions of this Paragraph 2, if the Participant's employment with the Company is terminated for any reason, the Participant's right to exercise the SAR will terminate on the date of termination of employment and all rights hereunder will cease. SARs that have not yet vested as of the date of termination of employment will be forfeited.

b. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated by reason of retirement, disability or death, and provided that at the date of termination, the Participant had remained in the employ of the Company for at least 180 days following the Grant Date, the Participant's rights with respect to the SARs will continue in effect or continue to accrue for the period ending on the date immediately preceding the fifth anniversary of the Grant Date, subject to any other limitation on the exercise of such rights in effect at the date of exercise. For purposes of this Agreement, "retirement" means normal, regular early, special early or disability retirement under a retirement plan of the Company that includes such provisions, or retirement after 30 years of service, after attaining age 55 and 10 years of service, or after attaining age 65, under any other retirement plan of the Company.

c. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated under mutually satisfactory conditions, and provided that at the date of termination, the Participant had remained in the employ of the Company for at least 180 days following the Grant Date, the Participant's rights with respect to the SARs will continue in effect or continue to accrue until the date 90 days after the date of such termination (but not later than the date immediately preceding the fifth anniversary of the Grant Date), subject to any other limitation on the exercise of such rights in effect at the date of exercise.

d. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated at any time by reason of a sale or other disposition (including, without limitation, a transfer to a joint venture) of the division, operation or subsidiary in which the Participant was employed or to which the Participant was assigned, the Participant's rights with respect to the SARs will terminate on the date of such termination, or such later date as is approved by the Committee, but not later than the date immediately preceding the fifth anniversary of the Grant Date, provided that the Participant satisfies both of the following conditions: (i) at the date of termination, the

Participant had remained in the employ of the Company for 90 days following the Grant Date, and (ii) the Participant continues to be or becomes employed in such division, operation or subsidiary following such sale or other disposition and remains in such employ until the date of exercise of such SARs.

e. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated due to layoff, and provided that at the date of termination, the Participant had remained in the employ of the Company for at least 365 days following the Grant Date, the Participant's rights with respect to the SARs will continue in effect until the date 365 days after the date of such termination (but not later than the date immediately preceding the fifth anniversary of the Grant Date), subject to any other limitation on the exercise of such rights in effect at the date of exercise. SARs not yet vested at the date of termination will be forfeited.

f. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated by reason of discharge or release in the best interest of the Company the Participant's right to exercise the SAR will terminate on the date of termination of employment and all rights hereunder will cease.

g. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated by reason of voluntary quit, the Participant's rights with respect to SARs that are vested at the date of termination will continue in effect until the date 90 days after the date of such termination (but not later than the date immediately preceding the fifth anniversary of the Grant Date), subject to any other limitation on the exercise of such rights in effect at the date of exercise. SARs not yet vested at the date of termination will be forfeited.

h. Notwithstanding the provisions of Paragraph 2a, if the Participant's employment with the Company is terminated without cause under the provisions of the Visteon Separation Program (VSP) or a successor severance plan of the Company, and provided that at

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the date of termination, the Participant had remained in the employ of the Company for at least 180 days following the Grant Date, the Participant's rights with respect to the SARs will continue in effect until the date 365 days after the date of such termination (but not later than the date immediately preceding the fifth anniversary of the Grant Date), subject to any other limitation on the exercise of such rights in effect at the date of exercise. SARs not yet vested at the date of termination will be forfeited.

3. Cancellation of the SARs.

The SARs will terminate, and cease to be exercisable, on the earliest of the following:

- a. Five years from the Grant Date;
- b. In the event of the Participant's termination of employment, such earlier date as determined in accordance with the rules set forth in Paragraph 2.

4. Exercise of SARs.

a. The Participant may, subject to the limitations of this Agreement and the Plan, exercise all or any portion of the SARs that have become vested and that have not been cancelled under Paragraphs 2 and 3 by (i) providing notice of exercise to the Company (in a form acceptable to the Company) specifying the whole number of SARs being exercised.

b. After receiving proper notice of exercise the Company will issue to the Participant (or the Participant's beneficiary) a lump sum cash payment in an amount determined by multiplying (i) the total number of SARs being exercised by the Participant, (ii) the amount by which the Fair Market Value of a share of Company common stock exceeds the Exercise Price, less any applicable withholding taxes.

c. Notwithstanding the foregoing, the SARs will not be exercisable if and to the extent the Committee determines that such exercise would violate

applicable state or federal securities laws or the rules and regulations of any securities exchange on which the Company common stock is then traded, or would violate the laws of any foreign jurisdiction, and the exercise thereof may be limited or delayed until such requirements are met.

d. The Company may retain the services of a third-party administrator to effectuate SAR exercises and to perform other administrative services in connection with the Plan. To the extent that the Company has retained such an administrator, any reference to the Company shall be deemed to refer to such third party administrator retained by the Company, and the Company may require the Participant to exercise the Participant's SARs only through such third-party administrator.

5. Withholding.

The Company may deduct and withhold from any cash payable to the Participant or may require the Participant to pay to the Company or otherwise indemnify the Company to its

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satisfaction, such amount as may be required for the purpose of satisfying the Company's obligation to withhold federal, state or local taxes in connection with any exercise of the SARs.

6. Conditions on SAR Award.

Notwithstanding anything herein to the contrary, the Committee may cancel the SARs, and may refuse to deliver any payment for SARs with respect to which the Participant (or the Participant's beneficiary) has tendered a notice of exercise, if:

a. During the period from the date of the Participant's termination of employment from the Company to the date such payment is delivered to the Participant (or the Participant's beneficiary), the Committee determines that the Participant has either (i) refused to be available, upon request, at reasonable times and upon a reasonable basis, to consult with, supply information to and otherwise cooperate with the Company with respect to any matter that was handled by the Participant or under the Participant's supervision while the Participant was in the employ of the Company or (ii) engaged in any activity that is directly or indirectly in competition with any activity of the Company; or

b. The Committee determines that the Participant, at any time (whether before or after employment with the Company, and whether before or after the grant of this Option), acted in any manner detrimental to the best interests of the Company.

7. Nontransferability.

Except as provided in Paragraph 8 of this Agreement, the Participant has no rights to sell, assign, transfer, pledge, or otherwise alienate the SARs awarded under this Agreement, and any such attempted sale, assignment, transfer, pledge or other conveyance will be null and void. The SARs will be exercisable during the Participant's lifetime only by the Participant (or the Participant's legal representative).

8. Beneficiary.

The Participant may designate a beneficiary to exercise the SARs after the Participant's death on the form or in the manner prescribed for such purpose by the Committee. Absent such designation, the Participant's beneficiary will be the Participant's estate. The Participant may from time to time revoke or change the Participant's beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Company. If a Participant designates his or her spouse as beneficiary, such designation automatically shall become null and void on the date of the Participant's divorce or legal separation from such spouse. The last such designation received by the Company will be controlling; provided, however, that no designation, or change or revocation thereof, will be effective unless received by the Company prior to the Participant's death, and in no event will any designation be effective as of a date prior to such receipt. If the Committee is in doubt as to the identity of the beneficiary, the Company may refuse to recognize such exercise, without

liability for any interest, until the Committee determines the identity of the beneficiary, or the Committee may deem the Participant's estate as

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beneficiary, or the Company may apply to any court of appropriate jurisdiction and such application will be a complete discharge of the liability of the Company therefor.

9. Securities Law Restrictions.

Notwithstanding anything herein to the contrary, the Committee, in its sole and absolute discretion, may refuse to honor any notice of exercise, may delay an exercise or delay issuing payment following an exercise, may impose additional limitations on the Participant's or beneficiary's ability to exercise the SAR or receive payment upon exercise, if the Committee determines that such action is necessary or desirable for compliance with any applicable state, federal or foreign law, the requirements of any stock exchange on which the Company common stock is then traded, or is requested by the Company or the underwriters managing any underwritten offering of the Company's securities pursuant to an effective registration statement filed under the Act.

10. Limited Interest.

a. The grant of the SARs shall not be construed as giving the Participant any interest other than as provided in this Agreement.

b. The Participant shall have no rights as a shareholder as a result of the grant or exercise of the SARs.

c. The grant of the SARs shall not confer on the Participant any right to continue as an employee or continue in service of the Company, nor interfere in any way with the right of the Company to terminate the Participant at any time.

d. The grant of the SARs shall not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger, consolidation or business combination of the Company, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the stock or the rights of the holders thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other Company act or proceeding, whether of a similar character or otherwise.

e. The Participant acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the SARs under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of SARs or benefits in lieu of SARs in the future. Future grants, if any, will be at the sole discretion of the Committee, including, but not limited to, the timing of any grant, the number of SARs, vesting provisions, and the exercise price.

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11. Consent to Transfer of Personal Data.

The Participant voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Participant's ability to participate in the Plan. The Company holds certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all awards, options or any other entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company

and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of stock acquired pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect Participant's ability to participate in the Plan.

12. Incorporation by Reference.

The terms of the Plan are expressly incorporated herein by reference. Capitalized terms that are not defined in this Agreement will have the meaning ascribed to them under the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall govern.

13. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles thereof.

14. Severability.

In the event any term or condition set forth in this Agreement is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been inserted.

15. Amendment.

The terms and conditions set forth in this Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the parties thereto.

16. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

EXHIBIT 10.10.1

Schedule identifying substantially identical agreements, between Visteon Corporation ("Visteon") and each of the persons named below, to the Revised Change in Control Agreement constituting Exhibit 10.10 to the Quarterly Report on Form 10-Q of Visteon for the quarterly period ended September 30, 2004.

Name

Peter J. Pestillo

Michael F. Johnston

James C. Orchard

James F. Palmer

Dr. Heinz Pfannschmidt

Anjan Chatterjee

Stacy L. Fox

Robert H. Marcin

EXHIBIT 12.1

Visteon Corporation and Subsidiaries
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (in millions)

	First Nine Months 2004	For the Years Ended December 31,				
		2003	2002	2001	2000	1999
Earnings						
Income/(loss) before income taxes, minority interest and change in accounting	\$ (338)	\$ (1,150)	\$ (117)	\$ (169)	\$ 439	\$ 1,172
Earnings of non-consolidated affiliates	(38)	(55)	(44)	(24)	(56)	(47)
Cash dividends received from non-consolidated affiliates	42	35	16	12	17	24
Fixed charges	102	126	139	174	215	173
Capitalized interest, net of amortization	1	3	1	(2)	(3)	(1)
Earnings	----- (\$231) -----	----- (\$1,041) -----	----- \$ (5) -----	----- \$ (9) -----	----- \$612 -----	----- \$1,321 -----
Fixed Charges						
Interest and related charges on debt	\$79	\$97	\$109	\$139	\$176	\$149
Portion of rental expense representative of the interest factor	23	29	30	35	39	24
Fixed charges	----- \$102 -----	----- \$126 -----	----- \$139 -----	----- \$174 -----	----- \$215 -----	----- \$173 -----
Ratios						
Ratio of earnings to fixed charges*	N/A	N/A	N/A	N/A	2.8	7.6

 * For the first nine months ended September 30, 2004, and for the years ended December 31, 2003, 2002 and 2001, fixed charges exceeded earnings by \$333 million, \$1,167 million, \$144 million and \$183 million, respectively, resulting in a ratio of less than one.

November 1, 2004

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Commissioners:

We are aware that our report dated October 19, 2004 on our review of interim financial information of Visteon Corporation (the "Company") for the three and nine month periods ended September 30, 2004 and September 30, 2003 and included in the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2004 is incorporated by reference in its Registration Statements on Form S-3 (No. 333-85406) dated April 2, 2002, and Form S-8 (Nos. 333-39756, 333-39758, 333-40202, 333-87794, and 333-115463) dated June 21, 2000; June 21, 2000; June 26, 2000; May 8, 2002, and May 13, 2004 respectively.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13A-14(a)

I, MICHAEL F. JOHNSTON, CERTIFY THAT:

1. I have reviewed this Quarterly Report on Form 10-Q of Visteon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2004

/s/ Michael F. Johnston

Michael F. Johnston
Chief Executive Officer and
President
(Principal Executive Officer)

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13A-14(a)

I, JAMES F. PALMER, CERTIFY THAT:

1. I have reviewed this Quarterly Report on Form 10-Q of Visteon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2004

/s/James F. Palmer

James F. Palmer
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION Pursuant to 18 U.S.C. ss.1350
AND EXCHANGE ACT RULE 13a-14(b)

Solely for the purposes of complying with 18 U.S.C. ss.1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), I, the undersigned Chief Executive Officer and President of Visteon Corporation (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Exchange Act and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Michael F. Johnston

Michael F. Johnston

November 4, 2004

CERTIFICATION Pursuant to 18 U.S.C. ss.1350
AND EXCHANGE ACT RULE 13a-14(b)

Solely for the purposes of complying with 18 U.S.C. ss.1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), I, the undersigned Executive Vice President and Chief Financial Officer of Visteon Corporation (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/James F. Palmer

James F. Palmer

November 4, 2004