
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 EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2007, or

o

**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)

38-3519512
(I.R.S. employer
identification number)

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

48111
(Zip code)

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

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 ii No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ii Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No ii

As of November 2, 2007, the Registrant had outstanding 129,783,659 shares of common stock, par value \$1.00 per share.

Exhibit index located on page number 54

VISTEON CORPORATION AND SUBSIDIARIES
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2007

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**PART I
FINANCIAL INFORMATION**

ITEM 1. FINANCIAL STATEMENTS (unaudited)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Visteon Corporation

We have reviewed the accompanying consolidated balance sheet of Visteon Corporation and its subsidiaries as of September 30, 2007 and the related consolidated statements of operations for each of the three-month and nine-month periods ended September 30, 2007 and September 30, 2006 and the consolidated statements of cash flows for the nine-month periods ended September 30, 2007 and September 30, 2006. 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 have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2006, and the related consolidated statements of operations, shareholders' (deficit) / equity and cash flows for the year then ended (not presented herein), and in our report dated February 28, 2007, except for Note 20, as to which the date is August 3, 2007, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2006 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
November 8, 2007

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2007	2006	2007	2006
	(Dollars in Millions, Except Per Share Data)			
Net sales				
Products	\$ 2,410	\$ 2,447	\$ 8,001	\$ 8,032
Services	136	133	407	416
	<u>2,546</u>	<u>2,580</u>	<u>8,408</u>	<u>8,448</u>
Cost of sales				
Products	2,313	2,397	7,635	7,423
Services	134	131	402	412
	<u>2,447</u>	<u>2,528</u>	<u>8,037</u>	<u>7,835</u>
Gross margin	99	52	371	613
Selling, general and administrative expenses	131	176	445	537
Restructuring expenses	27	14	89	35
Reimbursement from Escrow Account	27	14	109	35
Asset impairments	14	—	65	22
Operating (loss) income	(46)	(124)	(119)	54
Interest expense	59	46	163	146
Interest income	17	6	40	21
Debt extinguishment gain	—	—	—	8
Equity in net income of non-consolidated affiliates	11	8	34	27
Loss before income taxes, minority interests, discontinued operations, change in accounting and extraordinary item	(77)	(156)	(208)	(36)
Provision for income taxes	20	10	65	57
Minority interests in consolidated subsidiaries	12	5	32	22
Net loss from continuing operations before change in accounting and extraordinary item	(109)	(171)	(305)	(115)
Loss from discontinued operations, net of tax	—	6	24	13
Net loss before change in accounting and extraordinary item	(109)	(177)	(329)	(128)
Cumulative effect of change in accounting, net of tax	—	—	—	(4)
Net loss before extraordinary item	(109)	(177)	(329)	(132)
Extraordinary item, net of tax	—	—	—	8
Net loss	\$ (109)	\$ (177)	\$ (329)	\$ (124)
Basic and diluted loss per share:				
Continuing operations	\$ (0.84)	\$ (1.33)	\$ (2.36)	\$ (0.90)
Discontinued operations	\$ —	\$ (0.05)	\$ (0.18)	\$ (0.10)
Net loss	\$ (0.84)	\$ (1.38)	\$ (2.54)	\$ (0.97)

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30 2007	December 31 2006
	(Dollars in Millions)	
ASSETS		
Cash and equivalents	\$ 1,422	\$ 1,057
Accounts receivable, net	1,289	1,245
Interests in accounts receivable transferred	463	482
Inventories, net	535	520
Other current assets	250	261
Total current assets	3,959	3,565
Equity in net assets of non-consolidated affiliates	233	224
Property and equipment, net	2,798	3,034
Other non-current assets	129	115
Total assets	\$ 7,119	\$ 6,938
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Short-term debt, including current portion of long-term debt	\$ 109	\$ 100
Accounts payable	1,781	1,825
Accrued employee liabilities	307	323
Other current liabilities	336	320
Total current liabilities	2,533	2,568
Long-term debt	2,604	2,128
Employee benefits, including pensions	641	924
Postretirement benefits other than pensions	629	747
Deferred income taxes	193	170
Other non-current liabilities	393	318
Minority interests in consolidated subsidiaries	288	271
Shareholders' deficit		
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 129 million shares outstanding, respectively)	131	131
Stock warrants	127	127
Additional paid-in capital	3,405	3,398
Accumulated deficit	(3,973)	(3,606)
Accumulated other comprehensive income (loss)	160	(216)
Other	(12)	(22)
Total shareholders' deficit	(162)	(188)
Total liabilities and shareholders' deficit	\$ 7,119	\$ 6,938

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine-Months Ended September 30	
	2007	2006
	(Dollars in Millions)	
Operating Activities		
Net loss	\$ (329)	\$ (124)
Adjustments to reconcile net loss to net cash (used by) provided from operating activities:		
Depreciation and amortization	346	315
Asset impairments	77	22
Non-cash postretirement benefits	15	(72)
Non-cash tax items	(54)	(20)
Equity in net income of non-consolidated affiliates, net of dividends remitted	1	(4)
Extraordinary item, net of tax	—	(8)
Debt extinguishment gain	—	(8)
Other non-cash items	(6)	3
Change in receivables sold	(67)	12
Changes in assets and liabilities:		
Accounts receivable and retained interests	95	(7)
Escrow receivable	31	18
Inventories	(39)	11
Accounts payable	(99)	(203)
Postretirement benefits other than pensions	(17)	13
Income taxes deferred and payable, net	(2)	14
Other assets and liabilities	10	80
Net cash (used by) provided from operating activities	(38)	42
Investing Activities		
Capital expenditures	(232)	(265)
Proceeds from divestitures and asset sales	159	18
Other investments	(6)	(6)
Net cash used by investing activities	(79)	(253)
Financing Activities		
Short-term debt, net	30	(364)
Proceeds from debt, net of issuance costs	497	1,182
Principal payments on debt	(58)	(612)
Repurchase of unsecured debt securities	—	(141)
Other, including book overdrafts	(17)	(5)
Net cash provided from financing activities	452	60
Effect of exchange rate changes on cash	30	26
Net increase (decrease) in cash and equivalents	365	(125)
Cash and equivalents at beginning of year	1,057	865
Cash and equivalents at end of period	\$ 1,422	\$ 740

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. Description of Business and Company Background

Visteon Corporation (the "Company" or "Visteon") is a leading global supplier of automotive systems, modules and components. The Company sells products primarily to global vehicle manufacturers and also sells to the worldwide aftermarket for replacement and enhancement parts. Headquartered in Van Buren Township, Michigan, with regional headquarters in Kerpen, Germany and Shanghai, China, the Company has a workforce of approximately 43,000 employees and a network of manufacturing operations, technical centers, sales offices and joint ventures in every major geographic region of the world.

The Company maintains significant commercial relationships with Ford Motor Company ("Ford") and its affiliates. Accordingly, transactions with Ford constitute a significant amount of the Company's product sales and services revenues, accounts receivable and certain postretirement benefit obligations as summarized below, as adjusted for discontinued operations.

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2007	2006	2007	2006
	(Dollars in Millions)			
Net Sales				
Products	\$ 893	\$ 1,056	\$ 3,147	\$ 3,672
Services	\$ 132	\$ 133	\$ 400	\$ 416

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Accounts receivable, net	\$ 323	\$ 348
Postretirement employee benefits	\$ 123	\$ 127

Additionally, as of September 30, 2007 and December 31, 2006, the Company transferred approximately \$225 million and \$200 million, respectively, of Ford receivables under a European receivables securitization agreement.

NOTE 2. Basis of Presentation

The unaudited consolidated financial statements of the Company have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted pursuant to such rules and regulations.

These interim consolidated financial statements include adjustments (consisting of normal recurring adjustments) that management believes are necessary for a fair presentation of the results of operations, financial position and cash flows of the Company for the interim periods presented. The Company's management believes that the disclosures are adequate to make the information presented not misleading when read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2006 and the notes thereto included in the Company's Current Report on Form 8-K, as filed with the SEC on August 3, 2007. Interim results are not necessarily indicative of full year results.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and all subsidiaries that are more than 50% owned and over which the Company exercises control. Investments in affiliates of 50% or less but greater than 20% are accounted for using the equity method. The consolidated financial statements also include the accounts of certain entities in which the Company holds a controlling interest based on exposure to economic risks and potential rewards (variable interests) for which it is the primary beneficiary.

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

NOTE 2. Basis of Presentation — (Continued)

Revenue Recognition: The Company records revenue when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price or fee is fixed or determinable and collectibility is reasonably assured. The Company ships product and records revenue pursuant to commercial agreements with its customers generally in the form of an approved purchase order, including the effects of contractual customer price productivity. The Company does negotiate discrete price changes with its customers, which are generally the result of unique commercial issues between the Company and its customers and are generally the subject of specific negotiations between the Company and its customers. The Company records amounts associated with discrete price changes as a reduction to revenue when specific facts and circumstances indicate that a price reduction is probable and the amounts are reasonably estimable. The Company records amounts associated with discrete price changes as an increase to revenue upon execution of a legally enforceable contractual agreement and when collectibility is reasonably assured.

Revenue from services is recognized as services are rendered. Costs associated with providing such services are recorded as incurred.

Reclassifications: Certain prior period amounts have been reclassified to conform to current period presentation.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect amounts reported herein. Management believes that such estimates, judgments and assumptions are reasonable and appropriate. However, due to the inherent uncertainty involved, actual results may differ from those provided in the Company's consolidated financial statements.

Assets and Liabilities Held for Sale: In accordance with Statement of Financial Accounting Standards No. 144, ("SFAS 144") "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company classifies assets and liabilities as held for sale when management approves and commits to a formal plan of sale and it is probable that the sale will be completed. The carrying value of the assets and liabilities held for sale are recorded at the lower of carrying value or fair value less cost to sell, and the recording of depreciation is ceased.

Recent Accounting Pronouncements: In February 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115." SFAS 159 permits measurement of financial instruments and certain other items at fair value. SFAS 159 is designed to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of the first fiscal year after November 15, 2007. The Company is currently evaluating the impact of this statement on its consolidated financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 "Fair Value Measurements." This statement, which becomes effective January 1, 2008, defines fair value, establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurements. The Company is currently evaluating the impact of this statement on its consolidated financial statements.

In March 2006, the FASB issued Statement of Financial Accounting Standards No. 156 ("SFAS 156"), "Accounting for Servicing of Financial Assets." This statement amends Statement of Financial Accounting Standards No. 140, ("SFAS 140"), "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" with respect to the accounting for separately recognized servicing assets and servicing liabilities. The Company adopted SFAS 156 as of January 1, 2007 without a material impact on its consolidated financial statements.

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

NOTE 2. Basis of Presentation — (Continued)

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155 ("SFAS 155"), "Accounting for Certain Hybrid Financial Instruments" which amends Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivatives Instruments and Hedging Activities" and SFAS 140. SFAS 155 amends SFAS 133 to narrow the scope exception for interest-only and principal only strips on debt instruments to include only such strips representing rights to receive a specified portion of the contractual interest or principal cash flows. The Company adopted SFAS 155 as of January 1, 2007 without a material impact on its consolidated financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS 109") "Accounting for Income Taxes" and prescribes a recognition threshold and measurement process for recording in financial statements tax positions taken or expected to be taken in a tax return. The evaluation of a tax position under FIN 48 is a two-step process. The first step requires an entity to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. For those positions that meet the more likely than not recognition threshold, the second step requires measurement of the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company adopted the provisions of FIN 48 effective January 1, 2007, without a material impact to the Company's consolidated financial statements.

NOTE 3. Discontinued Operations

In March 2007, the Company entered into a Master Asset and Share Purchase Agreement ("MASPA") to sell certain assets and liabilities associated with the Company's chassis operations (the "Chassis Divestiture"). The Company's chassis operations are primarily comprised of suspension, driveline and steering product lines and include facilities located in Dueren and Wuelfrath, Germany, Praszka, Poland and Sao Paulo, Brazil. Collectively, these operations recorded sales for the year ended December 31, 2006 of approximately \$600 million. The Chassis Divestiture, while representing a significant portion of the Company's chassis operations, did not result in the complete exit of any of the affected product lines.

Effective May 31, 2007, the Company ceased to produce brake components at its Swansea, UK facility, which resulted in the complete exit of the Company's global suspension product line. Accordingly, the results of operations of the Company's global suspension product line have been reclassified to "Loss from discontinued operations, net of tax" in the consolidated statements of operations for the three and nine-month periods ended September 30, 2007 and 2006.

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

NOTE 3. Discontinued Operations — (Continued)

A summary of the results of discontinued operations is provided in the table below.

	Three-Months Ended September 30	Nine-Months Ended September 30	
	2006	2007	2006
	(Dollars in Millions)		
Net product sales	\$35	\$ 50	\$129
Cost of sales	40	63	140
Gross margin	(5)	(13)	(11)
Selling, general and administrative expenses	1	1	2
Asset impairments	—	12	—
Restructuring expenses	—	10	—
Reimbursement from Escrow Account	—	12	—
Loss from discontinued operations, net of tax	<u>\$ (6)</u>	<u>\$ (24)</u>	<u>\$ (13)</u>

Effective October 18, 2007 the Company entered into a non-binding Memorandum of Understanding (MOU) related to the sale of its remaining operations at the Swansea, UK facility. The proposed transaction, which is subject to due diligence, certain third party agreements, definitive documentation, and anti-trust clearance, is expected to be completed before December 31, 2007 and would represent the Company's exit of the driveline product line. Net assets associated with the Swansea operation and subject to the proposed transaction were approximately \$15 million as of September 30, 2007.

NOTE 4. Asset Impairments

Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets" requires that long-lived assets and intangible assets subject to amortization are reviewed for impairment when certain indicators of impairment are present. Impairment exists if estimated future undiscounted cash flows associated with long-lived assets are not sufficient to recover the carrying value of such assets. When impairment exists the long-lived assets are adjusted to their respective fair values.

2007 Asset Impairments

The Company recorded asset impairment charges of \$14 million and \$65 million during the three and nine-month periods ended September 30, 2007, respectively. These impairment charges were recorded to adjust the carrying value of associated long-lived assets to their estimated fair value in accordance with SFAS 144.

During the third quarter of 2007, the Company completed the sale of its Visteon Powertrain Control Systems India ("VPCSI") operation located in Chennai, India. The Company determined that assets subject to the VPCSI divestiture including inventory, intellectual property, and real and personal property met the "held for sale" criteria of SFAS 144. Accordingly, these assets were valued at the lower of carrying amount or fair value less cost to sell, which resulted in asset impairment charges of approximately \$14 million.

During the second quarter of 2007 and in connection with restructuring activities undertaken at a North American Other facility, the Company recorded an asset impairment of \$3 million to reduce the net book value of certain long-lived assets to their estimated fair value.

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

NOTE 4. Asset Impairments — (Continued)

During the first quarter of 2007, the Company determined that assets subject to the Chassis Divestiture including inventory, intellectual property, and real and personal property met the "held for sale" criteria of SFAS 144. Accordingly, these assets were valued at the lower of carrying amount or fair value less cost to sell, which resulted in asset impairment charges of approximately \$25 million. Approximately \$14 million of assets related to the Chassis Divestiture are classified as assets held for sale in the consolidated balance sheet as of September 30, 2007.

In consideration of the MASPA and the Company's announced exit of the brake manufacturing business at the Swansea, UK facility, an asset impairment charge of \$16 million was recorded to reduce the net book value of certain long-lived assets at the facility to their estimated fair value in the first quarter. The Company's estimate of fair value was based on market prices, prices of similar assets, and other available information.

During the first quarter of 2007, the Company entered into an agreement to sell an Electronics building located in Hiroshima, Japan. The Company determined that this building met the "held for sale" criteria of SFAS 144 as of March 31, 2007 and was recorded at the lower of carrying value or fair value less cost to sell, which resulted in an asset impairment charge of approximately \$7 million. The sale of the building was completed in the third quarter of 2007.

2006 Asset Impairments

The Company recorded asset impairment charges of \$22 million during the nine-month period ended September 30, 2006. These impairment charges were recorded to adjust the carrying value of associated long-lived assets to their estimated fair value in accordance with SFAS 144.

Vitro Flex, S.A. de C.V. ("Vitro Flex"), a Mexican corporation, is a joint venture which was 38% owned by the Company and its subsidiaries. Vitro Flex manufactures and supplies tempered and laminated glass for use in automotive vehicles. In accordance with APB 18, the Company determined that an "other than temporary" decline in the fair market value of this investment occurred. Consequently, the Company reduced the carrying value of its investment in Vitro Flex by approximately \$12 million to its estimated fair market value at June 30, 2006.

In connection with restructuring activities undertaken at a European Interiors facility, the Company recorded an asset impairment of \$10 million to reduce the net book value of certain long-lived assets to their estimated fair value during the three-months ended June 30, 2006.

NOTE 5. Restructuring Activities

The Company has undertaken various restructuring activities to achieve its strategic objectives, including the reduction of operating costs. Restructuring activities include, but are not limited to, plant closures, relocation of production, administrative realignment and consolidation of available capacity and resources. Management expects to finance restructuring programs principally through cash reimbursement from an escrow account established pursuant to the October 1, 2005 transaction whereby Ford acquired all of the issued and outstanding shares of common stock of the parent of Automotive Components Holdings, LLC ("ACH"). To the extent that the Company's restructuring activities require cash in connection with or beyond that provided by the Escrow Agreement, the Company expects to use cash generated from its ongoing operations, or cash available under its existing debt agreements, subject to the terms of applicable covenants. The Company does not expect that the execution of these programs will have a significant adverse impact on its liquidity position.

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

NOTE 5. Restructuring Activities — (Continued)

Escrow Agreement

Pursuant to the Escrow Agreement, dated as of October 1, 2005, among the Company, Ford and Deutsche Bank Trust Company Americas, Ford paid \$400 million into an escrow account for use by the Company to restructure its businesses. The Escrow Agreement provides that the Company will be reimbursed from the escrow account for the first \$250 million of reimbursable restructuring costs, as defined in the Escrow Agreement, and up to one half of the next \$300 million of such costs. Cash in the escrow account is invested at the direction of the Company, in high quality, short-term investments and related investment earnings are credited to the account as earned. Investment earnings of \$28 million became available to reimburse the Company's restructuring costs following the use of the first \$250 million of available funds. Investment earnings on the remaining \$150 million of funds will become available for reimbursement after full utilization of those funds.

The following table provides a reconciliation of amounts available in the escrow account.

	Three-Months Ended September 30, 2007	Nine-Months Ended September 30, 2007 (Dollars in Millions)	Inception through September 30, 2007
Beginning escrow account available	\$ 219	\$ 319	\$ 400
Add: Investment earnings	2	9	30
Deduct: Disbursements for restructuring costs	(45)	(152)	(254)
Ending escrow account available	\$ 176	\$ 176	\$ 176

As of September 30, 2007 and December 31, 2006, approximately \$24 million and \$55 million, respectively, of amounts receivable from the escrow account were included in the consolidated balance sheets.

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

NOTE 5. Restructuring Activities — (Continued)

Restructuring Reserves

The following is a summary of the Company's consolidated restructuring reserves and related activity as of and for the three and nine-month periods ended September 30, 2007. Substantially all of the Company's restructuring expenses are related to employee severance and termination benefit costs. Restructuring expenses included in the table below include \$10 million related to discontinued operations for the nine-month period ended September 30, 2007. Such expenses are included in "Loss from discontinued operations, net of tax" on the consolidated statements of operations.

	<u>Interiors</u>	<u>Climate</u>	<u>Electronics</u> (Dollars in Millions)	<u>Other</u>	<u>Total</u>
December 31, 2006	\$ 18	\$ 21	\$ 2	\$ 12	\$ 53
Expenses	—	—	6	25	31
Utilization	(5)	(3)	(1)	(13)	(22)
March 31, 2007	13	18	7	24	62
Expenses	15	13	1	12	41
Utilization	(8)	(3)	(1)	(19)	(31)
June 30, 2007	20	28	7	17	72
Expenses	8	9	(1)	11	27
Utilization	(6)	(6)	(1)	(7)	(20)
September 30, 2007	<u>\$ 22</u>	<u>\$ 31</u>	<u>\$ 5</u>	<u>\$ 21</u>	<u>\$ 79</u>

2007 Restructuring Actions

During the three-months ended September 30, 2007 the Company recorded restructuring expenses of approximately \$27 million under the previously announced multi-year improvement plan, including the following significant actions:

- The Company recorded \$8 million of employee severance and termination benefit charges at a European Climate facility. The charges relate to approximately 100 hourly and salaried employees.
- The Company recorded approximately \$6 million of employee severance and termination benefit costs related to the previously announced closure of a North American Other facility.
- In connection with the activities under the multi-year improvement plan, the Company continues to evaluate its general and administrative support infrastructure and to reduce related costs in light of the changes in the underlying business operations. Accordingly, the Company recorded \$9 million of employee severance and termination benefit costs related to approximately 30 salaried employees.

The Company has incurred \$212 million in cumulative restructuring costs related to the multi-year improvement plan including \$85 million, \$53 million, \$47 million and \$27 million for the Other, Climate, Interiors and Electronics product groups, respectively. Substantially all restructuring expenses recorded to date relate to employee severance and termination benefit costs and are classified as "Restructuring expenses" on the consolidated statements of operations. As of September 30, 2007, the restructuring reserve balance of \$79 million is entirely attributable to the multi-year improvement plan.

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

NOTE 5. Restructuring Activities — (Continued)

The Company currently estimates that the total cash cost associated with this multi-year improvement plan will be approximately \$430 million. The Company continues to achieve targeted cost reductions associated with the multi-year improvement plan at a lower cost than expected due to higher levels of employee attrition and lower per employee severance cost resulting from changes to certain employee benefit plans. The Company anticipates that approximately \$350 million of cash costs incurred under the multi-year improvement plan will be reimbursed from the escrow account pursuant to the terms of the Escrow Agreement. While the Company anticipates full utilization of funds available under the Escrow Agreement, any amounts remaining in the escrow account after December 31, 2012 will be disbursed to the Company pursuant to the terms of the Escrow Agreement. It is possible that actual cash restructuring costs could vary significantly from the Company's current estimates resulting in unexpected costs in future periods. Generally, charges are recorded as elements of the plan are finalized and the timing of activities and the amount of related costs are not likely to change.

NOTE 6. Extraordinary Item

On April 27, 2006 the Company's wholly-owned, consolidated subsidiary Carplastics, S.A. de C.V. acquired the real property, inventory, tooling and equipment of Guide Lighting Technologies of Mexico S. de R.L. de C.V., a lighting manufacturing facility located in Monterrey, Mexico.

In accordance with Statement of Financial Accounting Standards No. 141 "Business Combinations," the Company allocated the purchase price to the assets and liabilities acquired. The sum of the amounts assigned to the assets and liabilities acquired exceeded the cost of the acquired entity and that excess was allocated as a pro rata reduction of the amounts that otherwise would have been assigned to all of the acquired non-financial assets (i.e. property and equipment). An excess of \$8 million remained after reducing to zero the amounts that otherwise would have been assigned to the non-financial assets and was recorded as an extraordinary gain in the accompanying consolidated financial statements.

NOTE 7. Stock-Based Compensation

During the three-months ended September 30, 2007, the Company granted stock-based compensation as follows:

- Approximately 6,000 stock appreciation rights ("SARs") and 26,000 restricted stock units ("RSUs") under the Visteon Corporation 2004 Incentive Compensation Plan. As of September 30, 2007, there were approximately 7 million shares of common stock available for grant under this plan.
- Approximately 25,000 restricted stock awards ("RSAs") under the Visteon Corporation Employees Equity Incentive Plan. As of September 30, 2007, there were approximately 1 million shares of common stock available for grant under this plan.

The weighted average assumptions used to estimate the fair value of SARs for the three-month period ended September 30, 2007 are an expected term of 5.58 years, a risk-free rate of 4.07%, expected volatility of 60% and an expected dividend yield of zero.

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (Revised 2004) ("SFAS 123(R)", "Share-Based Payments" using the modified-prospective method. The cumulative effect, net of tax, of adopting SFAS 123(R) was \$4 million or \$0.03 per share as of January 1, 2006.

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

NOTE 8. Asset Securitization

Effective August 14, 2006, the Company entered into a European accounts receivable securitization facility ("European Securitization") that extends until August 2011 and provides up to \$325 million in funding from the sale of certain customer trade account receivables originating from Company subsidiaries located in Germany, Portugal, Spain, France and the UK ("Sellers"). Under the European Securitization, receivables originated by the Sellers and certain of their subsidiaries are transferred to Visteon Financial Centre P.L.C. (the "Transferor"). The Transferor is a bankruptcy-remote qualifying special purpose entity. Receivables transferred from the Sellers are funded through cash obtained from the issuance of variable loan notes to third-party lenders and through subordinated loans obtained from a wholly-owned subsidiary of the Company, which represent the Company's retained interest in the receivables transferred.

Transfers under the European Securitization, for which the Company receives consideration other than a beneficial interest, are accounted for as "true sales" under the provisions of Statement of Financial Accounting Standards No. 140 ("SFAS 140"), "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" and are removed from the balance sheet. Transfers under the European Securitization, for which the Company receives a beneficial interest are not removed from the balance sheet and total \$463 million and \$482 million as of September 30, 2007 and December 31, 2006, respectively. Such amounts are recorded at fair value and are subordinated to the interests of third-party lenders. Securities representing the Company's retained interests are accounted for as trading securities under Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities."

Availability of funding under the European Securitization depends primarily upon the amount of trade account receivables reduced by outstanding borrowings under the program and other characteristics of those receivables that affect their eligibility (such as bankruptcy or the grade of the obligor, delinquency and excessive concentration). As of September 30, 2007, approximately \$242 million of the Company's transferred receivables were considered eligible for borrowing under this facility, \$96 million was outstanding and \$146 million was available for funding. The Company recorded losses of \$1 million and \$6 million for the three and nine-month periods ended September 30, 2007 related to receivables sold under the European Securitization.

The table below provides a reconciliation of the change in interests in account receivables transferred for the period.

	Three-Months Ended September 30, 2007	Nine-Months Ended September 30, 2007
	(Dollars in Millions)	
Beginning balance	\$ 551	\$ 482
Receivables transferred	646	2,535
Proceeds from new securitizations	—	(41)
Proceeds from collections reinvested in securitization	(124)	(381)
Cash flows received on interests retained	(610)	(2,132)
Ending balance	<u>\$ 463</u>	<u>\$ 463</u>

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

NOTE 9. Inventories

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or market. A summary of inventories is provided below:

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Raw materials	\$ 163	\$ 154
Work-in-process	245	266
Finished products	183	157
	591	577
Valuation reserves	(56)	(57)
	<u>\$ 535</u>	<u>\$ 520</u>

NOTE 10. Other Assets

Other current assets are summarized as follows:

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Recoverable taxes	\$ 95	\$ 95
Current deferred tax assets	52	47
Prepaid assets	33	22
Customer deposits	30	23
Escrow receivable	24	55
Other	16	19
	<u>\$ 250</u>	<u>\$ 261</u>

Other non-current assets are summarized as follows:

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Non-current deferred tax assets	\$ 50	\$ 45
Unamortized debt costs and other intangible assets	35	35
Assets held for sale	12	—
Notes receivable	11	13
Other	21	22
	<u>\$ 129</u>	<u>\$ 115</u>

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

NOTE 11. Non-Consolidated Affiliates

The Company had \$233 million and \$224 million of equity in the net assets of non-consolidated affiliates at September 30, 2007 and December 31, 2006, respectively. The Company recorded equity in net income of non-consolidated affiliates of \$11 million and \$8 million for the three-month periods ended September 30, 2007 and 2006, respectively. For the nine-month periods ended September 30, 2007 and 2006, the Company recorded \$34 million and \$27 million, respectively. The following table presents summarized financial data for the Company's non-consolidated affiliates. The amounts included in the table below represent 100% of the results of operations of the Company's non-consolidated affiliates accounted for under the equity method. Yanfeng Visteon Automotive Trim Systems Co., Ltd. ("Yanfeng"), of which the Company owns a 50% interest, is considered a significant non-consolidated affiliate and is shown separately below.

Summarized financial data for the three-month period ended September 30 are as follows:

	Net Sales		Gross Margin		Net Income	
	2007	2006	2007	2006	2007	2006
	(Dollars in Millions)					
Yanfeng Visteon Automotive Trim Systems Co., Ltd.	\$ 238	\$ 169	\$ 40	\$ 28	\$ 16	\$ 11
All other	195	158	21	24	3	7
	<u>\$ 433</u>	<u>\$ 327</u>	<u>\$ 61</u>	<u>\$ 52</u>	<u>\$ 19</u>	<u>\$ 18</u>

Summarized financial data for the nine-month period ended September 30 are as follows:

	Net Sales		Gross Margin		Net Income	
	2007	2006	2007	2006	2007	2006
	(Dollars in Millions)					
Yanfeng Visteon Automotive Trim Systems Co., Ltd.	\$ 676	\$ 493	\$ 117	\$ 84	\$ 50	\$ 36
All other	543	489	74	74	15	20
	<u>\$ 1,219</u>	<u>\$ 982</u>	<u>\$ 191</u>	<u>\$ 158</u>	<u>\$ 65</u>	<u>\$ 56</u>

The Company's share of net assets and net income is reported in the consolidated financial statements as "Equity in net assets of non-consolidated affiliates" on the consolidated balance sheets and "Equity in net income of non-consolidated affiliates" on the consolidated statements of operations. Included in the Company's accumulated deficit is undistributed income of non-consolidated affiliates accounted for under the equity method of approximately \$119 million and \$123 million at September 30, 2007 and December 31, 2006, respectively.

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

NOTE 12. Property and Equipment

Property and equipment is stated at cost. Depreciable property is depreciated over the estimated useful lives of the assets, principally using the straight-line method. A summary of property and equipment, net is provided below:

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Land	\$ 104	\$ 112
Buildings and improvements	1,096	1,221
Machinery, equipment and other	3,848	4,065
Construction in progress	109	125
Total property and equipment	5,157	5,523
Accumulated depreciation	(2,505)	(2,653)
	2,652	2,870
Product tooling, net of amortization	146	164
Property and equipment, net	<u>\$ 2,798</u>	<u>\$ 3,034</u>

Depreciation and amortization expenses are summarized as follows:

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2007	2006	2007	2006
	(Dollars in Millions)			
Depreciation	\$ 98	\$ 94	\$ 310	\$ 275
Amortization	11	13	36	40
	<u>\$ 109</u>	<u>\$ 107</u>	<u>\$ 346</u>	<u>\$ 315</u>

The Company recorded approximately \$8 million and \$30 million of accelerated depreciation expense for the three and nine-month periods ended September 30, 2007, respectively, representing the shortening of estimated useful lives of certain assets (primarily machinery and equipment) in connection with the Company's restructuring activities.

NOTE 13. Other Liabilities

Other current liabilities are summarized as follows:

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Restructuring reserves	\$ 79	\$ 53
Product warranty and recall	52	53
Interest	41	53
Non-income tax liabilities	25	14
Income taxes payable	20	23
Value added taxes payable	19	17
Deferred income taxes	10	8
Other accrued liabilities	90	99
	<u>\$ 336</u>	<u>\$ 320</u>

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

NOTE 13. Other Liabilities — (Continued)

Other non-current liabilities are summarized as follows:

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Income tax reserves	\$ 133	\$ 57
Non-income tax liabilities	92	106
Deferred income	63	56
Product warranty and recall	51	52
Other	54	47
	<u>\$ 393</u>	<u>\$ 318</u>

NOTE 14. Debt

Short-term and long-term debt, including the fair market value of related interest rate swaps, were as follows:

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Short-term debt		
Current portion of long-term debt	\$ 44	\$ 31
Other — short-term	65	69
Total short-term debt	<u>109</u>	<u>100</u>
Long-term debt		
8.25% notes due August 1, 2010	551	550
Term loan due June 13, 2013	1,000	1,000
Term loan due December 13, 2013	500	—
7.00% notes due March 10, 2014	441	439
Other	112	139
Total long-term debt	<u>2,604</u>	<u>2,128</u>
Total debt	<u>\$ 2,713</u>	<u>\$ 2,228</u>

On October 30, 2007, the Company's 70% owned subsidiary, Halla Climate Control Corporation ("HCCC"), borrowed approximately \$185 million pursuant to a short-term credit facility. HCCC used the proceeds, plus internally generated funds, to subscribe for an ownership interest in a newly formed Korean company currently jointly owned with Visteon. The Korean company holds interests in certain climate control operations in India, China and United States.

On April 10, 2007, the Company entered into an agreement to amend and restate its Credit Agreement ("Amended Credit Agreement") to provide an additional \$500 million secured term loan. Consistent with the existing term loan, the additional term loan bears interest at a Eurodollar rate plus 3% and will mature on December 13, 2013.

NOTE 15. Employee Retirement Benefits

Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Benefits, an amendment of FASB Statements No. 87, 88, 106, and 132(R)" requires recognition of a net asset or liability representing the funded status of defined benefit

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

NOTE 15. Employee Retirement Benefits — (Continued)

pension and other postretirement benefit ("OPEB") plans. In addition, SFAS 158 requires companies to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end balance sheet. The Company adopted the recognition and disclosure provisions of SFAS 158 as of December 31, 2006 and the measurement provisions of this standard as of January 1, 2007.

The Company re-measured plan assets and obligations as of January 1, 2007 consistent with the provisions of SFAS 158. As a result of the SFAS 158 re-measurement, the Company recorded a reduction to the pension liability of approximately \$100 million, a reduction of the OPEB liability of approximately \$90 million and an increase to accumulated other comprehensive income of approximately \$190 million. The Company also adjusted the January 1, 2007 retained earnings balance by approximately \$33 million, representing the net periodic benefit costs for the period between September 30, 2006 and January 1, 2007 that would have been recognized on a delayed basis during the first quarter of 2007 absent the change in measurement date. The net periodic benefit costs for 2007 are based on this January 1, 2007 measurement or subsequent re-measurements.

The components of the Company's net periodic benefit costs for the three-month periods ended September 30, 2007 and September 30, 2006 were as follows:

	Retirement Plans				Health Care and Life Insurance Benefits	
	U.S. Plans		Non-U.S. Plans		2007	2006
	2007	2006	2007	2006		
	(Dollars in Millions)					
Service cost	\$ 6	\$ 13	\$ 7	\$ 9	\$ 2	\$ 4
Interest cost	18	18	18	17	8	10
Expected return on plan assets	(19)	(19)	(14)	(13)	—	—
Amortization of:						
Transition	—	—	—	1	—	—
Plan amendments	—	1	1	1	(13)	(12)
Actuarial losses and other	—	1	3	5	4	8
Special termination benefits	1	—	—	—	—	—
Settlements	—	—	3	—	—	—
Curtailments	—	—	—	—	(11)	—
Visteon sponsored plan net periodic benefit costs	6	14	18	20	(10)	10
Expense for Visteon-assigned Ford-UAW and certain salaried employees	—	—	—	—	(2)	(2)
Net periodic benefits costs, excluding restructuring	\$ 6	\$ 14	\$ 18	\$ 20	\$ (12)	\$ 8
Retirement benefit related restructuring expenses						
Special termination benefits	—	—	1	1	—	—

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

NOTE 15. Employee Retirement Benefits — (Continued)

The components of the Company's net periodic benefit costs for the nine-month periods ended September 30, 2007 and September 30, 2006 were as follows:

	Retirement Plans				Health Care and Life Insurance Benefits	
	U.S. Plans		Non-U.S. Plans			
	2007	2006	2007	2006	2007	2006
	(Dollars in Millions)					
Service cost	\$ 19	\$ 42	\$ 21	\$ 26	\$ 5	\$ 12
Interest cost	54	55	54	50	24	31
Expected return on plan assets	(57)	(55)	(41)	(38)	—	—
Amortization of:						
Transition	—	—	—	1	—	—
Plan amendments	1	4	4	4	(36)	(37)
Actuarial losses and other	1	4	9	15	12	22
Special termination benefits	1	1	—	—	—	—
Settlements	—	—	33	—	—	—
Curtailments	10	(11)	—	(1)	(20)	(37)
Visteon sponsored plan net periodic benefit costs	29	40	80	57	(15)	(9)
Expense for Visteon-assigned Ford-UAW and certain salaried employees	—	(3)	—	—	(4)	(29)
Net periodic benefits costs, excluding restructuring	<u>\$ 29</u>	<u>\$ 37</u>	<u>\$ 80</u>	<u>\$ 57</u>	<u>\$ (19)</u>	<u>\$ (38)</u>
<u>Retirement benefit related restructuring expenses</u>						
Special termination benefits	3	—	9	1	—	—

Curtailments and Settlements

Curtailment and settlement gains and losses are recorded in accordance with Statement of Financial Accounting Standards Nos. 88 ("SFAS 88"), "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" and 106 ("SFAS 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions" and are classified in the Company's consolidated statements of operations as "Cost of sales" or "Selling, general and administrative expenses." Qualifying curtailment and settlement losses related to the Company's restructuring activities are reimbursable under the terms of the Escrow Agreement. The Company recorded curtailments and settlements as follows:

- The Company recorded curtailment gains of \$11 million and \$20 million for the three and nine-month periods ended September 30, 2007, respectively, related to elimination of employee benefits under a U.S. OPEB plan in connection with employee headcount reductions under previously announced restructuring actions.
- The Company recorded settlement losses of \$3 million and \$20 million for the three and nine-months ended September 30, 2007, respectively, primarily related to employee retirement benefit obligations under a Canadian retirement plan for employees of the Markham, Ontario facility, which was closed in 2002.

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

NOTE 15. Employee Retirement Benefits — (Continued)

- During the second quarter of 2007, the Company recorded a settlement loss of \$13 million related to employee retirement benefit obligations under certain German retirement plans for employees of the Dueren and Wuelfrath, Germany facilities, which were included in the Chassis Divestiture.
- During the first quarter of 2007, the Company recorded a curtailment loss of \$10 million related to employee retirement benefit obligations under certain U.S. retirement plans in connection with previously announced restructuring actions.
- The Company recorded curtailment gains during the second quarter of 2006 of \$37 million and \$11 million related to the reduction in expected years of future service in Visteon sponsored OPEB and retirement plans, respectively. The reduction in future service resulted from the transfer of Company employees to Ford in connection with their January 1, 2006 acquisition of two plants from ACH located in Rawsonville, MI and Sterling Heights, MI ("Rawsonville-Sterling Transaction").

As of September 30, 2007, the Company expects to record curtailment gains of approximately \$65 million for retiree health plans in future periods as employees are terminated in connection with the multi-year improvement plan.

Retirement Benefit Related Restructuring Expenses

In addition to retirement benefit expenses, the Company recorded \$1 million and \$12 million for the three and nine-months ended September 30, 2007, respectively, for retirement benefit related restructuring charges. Such charges generally relate to special termination benefits, voluntary termination incentives, and pension losses and are the result of various restructuring actions as described in Note 5 "Restructuring Activities." Retirement benefit related restructuring charges are recorded in accordance with SFAS 87, 88, 106, 112 and 158, are initially classified as restructuring expenses and related reserves are subsequently reclassified to retirement benefit liabilities.

Contributions

During the nine-month period ended September 30, 2007, contributions to the Company's U.S. retirement plans and postretirement health care and life insurance plans were \$43 million and \$20 million, respectively, and contributions to non-U.S. retirement plans were \$67 million. The Company presently anticipates additional contributions to its U.S. retirement plans and postretirement health care and life insurance plans of \$5 million and \$10 million, respectively, in 2007. The Company also anticipates additional 2007 contributions to non-U.S. retirement plans of \$20 million.

Other

During the nine-months ended September 30, 2007, the Company recorded a reduction of its pension liability of approximately \$100 million, a reduction of its OPEB liability of approximately \$40 million, and an increase in accumulated other comprehensive income of approximately \$140 million. These adjustments resulted from a U.S. salaried plan amendment which reduced disability retirement benefits, the elimination of future benefits under German pension plans resulting from the sale of chassis operations located in Dueren and Wuelfrath, Germany and other pension and OPEB plans affected by actions under the multi-year improvement plan.

During the nine-months ended September 30, 2006, the Company recorded a reduction in its postretirement benefit payable to Ford of approximately \$24 million. This reduction resulted from the transfer of Company employees to Ford in connection with the Rawsonville-Sterling Transaction.

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

NOTE 16. Income Taxes

Adoption of FIN 48

Effective January 1, 2007, the Company adopted FIN 48, which establishes a single model to address accounting for uncertain tax positions and clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of FIN 48 did not have a material impact on the Company's consolidated financial statements.

In connection with the adoption of FIN 48 and beginning January 1, 2007, the Company classified all interest and penalties as income tax expense. Prior to the adoption of FIN 48, the Company's policy was to record interest and penalties related to income tax contingencies as a component of income before taxes. Accrued interest and penalties was \$20 million at January 1, 2007. Estimated interest and penalties related to the underpayment of income taxes totaled approximately \$6 million for the nine-months ended September 30, 2007.

Unrecognized Tax Benefits

The Company and its subsidiaries have operations in every major geographic region of the world and are subject to income taxes in the U.S. and numerous foreign jurisdictions. Accordingly, the Company files tax returns and is subject to examination by taxing authorities throughout the world, including such significant jurisdictions as Korea, India, Portugal, Spain, Czech Republic, Canada, Germany and the United States. With few exceptions, the Company is no longer subject to U.S. federal tax examinations for years before 2004 or state and local or non-U.S. income tax examinations for years before 2000.

The Company's gross unrecognized tax benefits as of January 1, 2007 were approximately \$150 million, of which approximately \$55 million would impact the effective tax rate if recognized. The gross unrecognized tax benefits differ from that which would impact the effective tax rate due to uncertain tax positions embedded in other deferred tax attributes carrying a full valuation allowance. Since the uncertainty is expected to be resolved while a full valuation allowance is maintained, these uncertain tax positions will not impact the effective tax rate in current or future periods.

During the third quarter of 2007, the Company increased its unrecognized tax benefits through income tax expense by approximately \$30 million primarily as a result of certain positions taken in tax returns filed in the quarter, as well as those expected to be taken in future tax returns in certain non-U.S. jurisdictions.

It is reasonably possible that the amount of the Company's unrecognized tax benefits may change within the next twelve months as a result of settlement of ongoing audits or for positions expected to be taken in future tax returns, primarily related to transfer pricing-related initiatives. An estimate of the range of reasonably possible outcomes, however, cannot be made at this time. Further, substantially all of the Company's unrecognized tax benefits relate to uncertain tax positions that are not currently under review by taxing authorities and therefore, the Company is unable to specify the future periods in which it may be obligated to settle such amounts.

Provision for Income Taxes

The Company's provision for income taxes in interim periods is computed by applying an estimated annual effective tax rate against income (loss) before income taxes, minority interests, discontinued operations, change in accounting and extraordinary item, excluding equity in net income of non-consolidated affiliates and loss related to the sale of Visteon Powertrain Control Systems India ("VPCSI"), for the period. Effective tax rates vary from period to period as separate calculations are performed for those countries where the

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

NOTE 16. Income Taxes — (Continued)

Company's operations are profitable and whose results continue to be tax-effected and for those countries where full deferred tax valuation allowances exist and are maintained.

The Company's provisions for income taxes of \$20 million and \$65 million for the three and nine-month periods ended September 30, 2007 reflects income tax expense related to those countries where the Company is profitable, accrued withholding taxes and certain non-recurring and other discrete tax items. Additionally, the provision also reflects the Company's inability to record a tax benefit for pre-tax losses in the U.S. and certain foreign countries to the extent not offset by other categories of income.

SFAS 109 generally requires that the amount of tax expense or benefit allocated to continuing operations be determined without regard to the tax effects of other categories of income or loss, such as other comprehensive income. However, an exception to the general rule is provided when there is a pre-tax loss from continuing operations and net pre-tax income from other categories in the current year. In such instances, net pre-tax income from other categories must offset the current loss from operations, the tax benefit of such offset being reflected in continuing operations even when a valuation allowance has been established against the deferred tax assets. In instances where a valuation allowance is established against current year operating losses, net pre-tax income from other sources, including other comprehensive income, is considered when determining whether sufficient future taxable income exists to realize the deferred tax assets. During the three and nine-months ended September 30, 2007, net pre-tax income from other categories of income or loss, in particular, pre-tax other comprehensive income primarily attributable to foreign currency exchange rates and the re-measurement of pension and OPEB plans in the U.S. and Germany, offset approximately \$72 million and \$149 million, respectively of pre-tax operating losses in the U.S. and Germany, reducing the Company's current period valuation allowance resulting in a benefit of \$25 million and \$52 million allocated to the current year loss from continuing operations for the three and nine-months ended September 30, 2007, respectively.

The need to maintain valuation allowances against deferred tax assets in the U.S. and other affected countries will continue to cause variability in the Company's quarterly and annual effective tax rates. Full valuation allowances against deferred tax assets in the U.S. and applicable foreign countries, which include the U.K. and Germany, will be maintained until sufficient positive evidence exists to reduce or eliminate them.

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

NOTE 17. Comprehensive Loss

Comprehensive loss, net of tax is summarized below:

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2007	2006	2007	2006
	(Dollars in Millions)			
Net loss	\$ (109)	\$ (177)	\$ (329)	\$ (124)
Pension and other postretirement benefit adjustments	(4)	—	105	—
Change in foreign currency translation adjustments	54	8	86	72
Unrealized gains/(losses) on derivatives	(3)	5	(5)	(6)
	<u>\$ (62)</u>	<u>\$ (164)</u>	<u>\$ (143)</u>	<u>\$ (58)</u>

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

	September 30 2007	December 31 2006
	(Dollars in Millions)	
Foreign currency translation adjustments	\$ 252	\$ 166
Pension and other postretirement benefit adjustments, net of tax	(83)	(378)
Unrealized gains/(losses) on derivatives	(9)	(4)
	<u>\$ 160</u>	<u>\$ (216)</u>

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

NOTE 18. Loss Per Share

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 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.

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2007	2006	2007	2006
	(Dollars in Millions)			
Numerator:				
Net loss from continuing operations before change in accounting and extraordinary item	\$ (109)	\$ (171)	\$ (305)	\$ (115)
Loss from discontinued operations, net of tax	—	6	24	13
Net loss before change in accounting and extraordinary item	\$ (109)	\$ (177)	\$ (329)	\$ (128)
Cumulative effect of change in accounting, net of tax	—	—	—	(4)
Net loss before extraordinary item	(109)	(177)	(329)	(132)
Extraordinary item, net of tax	—	—	—	8
Net loss	\$ (109)	\$ (177)	\$ (329)	\$ (124)
Denominator:				
Average common stock outstanding	129.8	128.3	129.5	128.2
Less: Average restricted stock outstanding	(0.1)	(0.2)	(0.1)	(0.5)
Basic shares	129.7	128.1	129.4	127.7
Net dilutive effect of restricted stock	—	—	—	—
Diluted shares	129.7	128.1	129.4	127.7
Per Share Data:				
Basic and diluted loss per share from continuing operations before change in accounting and extraordinary item	\$ (0.84)	\$ (1.33)	\$ (2.36)	\$ (0.90)
Loss from discontinued operations, net of tax	—	0.05	0.18	0.10
Basic and diluted loss per share before change in accounting and extraordinary item	\$ (0.84)	\$ (1.38)	\$ (2.54)	\$ (1.00)
Cumulative effect of change in accounting, net of tax	—	—	—	(0.03)
Basic and diluted loss per share before extraordinary item	(0.84)	(1.38)	(2.54)	(1.03)
Extraordinary item, net of tax	—	—	—	0.06
Basic and diluted loss per share	\$ (0.84)	\$ (1.38)	\$ (2.54)	\$ (0.97)

Stock options to purchase approximately 12 million shares of common stock and warrants to purchase 25 million shares of common stock were not included in the computation of diluted loss per share because the effect of including them would have been anti-dilutive for the three and nine-month periods ended September 30, 2007.

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

NOTE 19. Commitments and Contingencies

Guarantees

The Company has guaranteed approximately \$40 million and \$77 million of debt capacity held by consolidated and unconsolidated subsidiaries and \$94 million and \$97 million for lifetime lease payments held by consolidated subsidiaries at September 30, 2007 and December 31, 2006, respectively. In addition, the Company has guaranteed certain Tier 2 suppliers' debt and lease obligations and other third-party service providers' obligations of up to \$6 million and \$17 million at September 30, 2007 and December 31, 2006 respectively, to ensure the continued supply of essential parts.

Litigation and Claims

In February 2005, a shareholder lawsuit was filed in the U.S. District Court for the Eastern District of Michigan against the Company and certain current and former officers of the Company. In July 2005, the Public Employees' Retirement System of Mississippi was appointed as lead plaintiff in this matter. In September 2005, the lead plaintiff filed an amended complaint, which alleges, among other things, that the Company and its independent registered public accounting firm, PricewaterhouseCoopers LLP, made misleading statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The named plaintiff seeks to represent a class consisting of purchasers of the Company's securities during the period between June 28, 2000 and January 31, 2005. Class action status has not yet been certified in this litigation. On August 31, 2006, the defendants motion to dismiss the amended complaint for failure to state a claim was granted. The plaintiffs have appealed this decision.

In March 2005, a number of current and former directors and officers were named as defendants in two shareholder derivative suits pending in the State of Michigan Circuit Court for the County of Wayne. As is customary in derivative suits, the Company has been named as a defendant in these actions. As a nominal defendant, the Company is not liable for any damages in these suits nor is any specific relief sought against the Company. The complaints allege that, among other things, the individual defendants breached their fiduciary duties of good faith and loyalty and aided and abetted such breaches during the period between January 23, 2004 and January 31, 2005 in connection with the Company's conduct concerning, among other things, the matters alleged in the securities class action discussed immediately above. The derivative matters have been stayed pending resolution of defendants' motion to dismiss the securities matter pending in the Eastern District of Michigan and any related appeal.

In June 2006, the Company and Ford Motor Company were named as defendants in a purported class action lawsuit brought under the Employee Retirement Income Security Act ("ERISA") in the United States District Court for the Eastern District of Michigan on behalf of certain former salaried employees of the Company associated with two plants located in Michigan. The complaint alleged that the Company and Ford violated their fiduciary duties under ERISA when they established and spun off the Company and allocated certain pension liabilities between them, and later when they transferred the subject employees to Ford as new hires in 2006 after Ford acquired the plants. In July 2007, the motion to dismiss the complaint filed on behalf of the Company and Ford was granted in part and denied in part. Six of the seven named plaintiffs in this action have agreed to release their claims by agreements entered into with Ford. As a result, in September of 2007 the court entered a Rule 26(f) Report reflecting the remaining plaintiff's agreement to amend the complaint by the end of November 2007 to withdraw the class action allegation with prejudice and to add the names of any other similarly situated employees that will join the action as named plaintiffs. Further, in September of 2007 the court entered a Stipulated Order of Partial Dismissal dismissing, without prejudice, all of the claims against Visteon brought on behalf of all of the named plaintiffs who have entered into the release agreements referred to above.

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

NOTE 19. Commitments and Contingencies — (Continued)

At this time the Company is not able to predict with certainty the final outcome of each of the foregoing unresolved lawsuits or its potential exposure with respect to each such lawsuit. In the event of an unfavorable resolution of any of these matters, the Company's earnings and cash flows in one or more periods could be materially affected to the extent any such loss is not covered by insurance or applicable reserves.

Product Warranty and Recall

Amounts accrued for product warranty and recall claims are based on management's best estimates of the amounts that will ultimately be required to settle such items. The Company's estimates for product warranty and recall obligations are developed with support from its sales, engineering, quality and legal functions and include due consideration of contractual arrangements, past experience, current claims and related information, production changes, industry and regulatory developments and various other considerations. The Company can provide no assurances that it will not experience material claims in the future or that it will not incur significant costs to defend or settle such claims beyond the amounts accrued or beyond what the Company may recover from its suppliers.

The following table provides a reconciliation of changes in product warranty and recall liability for the nine-months ended September 30, 2007 and 2006:

	Product Warranty and Recall	
	2007	2006
	(Dollars in Millions)	
Beginning balance, December 31	\$ 105	\$ 148
Accruals for products shipped	36	31
Changes in estimates	(11)	1
Settlements	(27)	(46)
Ending balance, September 30	<u>\$ 103</u>	<u>\$ 134</u>

Environmental Matters

The Company is subject to the requirements of federal, state, local and foreign environmental and occupational safety and health laws and regulations. These include laws regulating air emissions, water discharge and waste management. The Company is also subject to environmental laws requiring the investigation and cleanup of environmental contamination at properties it presently owns or operates and at third-party disposal or treatment facilities to which these sites send or arranged to send hazardous waste.

The Company is aware of contamination at some of its properties and relating to various third-party superfund sites at which the Company or its predecessor has been named as a potentially responsible party. The Company is in various stages of investigation and cleanup at these sites and at September 30, 2007 had recorded a reserve of approximately \$8 million for this environmental investigation and cleanup. However, estimating liabilities for environmental investigation and cleanup is complex and dependent upon a number of factors beyond the Company's control and which may change dramatically. Although the Company believes its reserve is adequate based on current information, the Company cannot provide assurance that the eventual environmental investigation, cleanup costs and related liabilities will not exceed the amount of its current reserve.

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

NOTE 19. Commitments and Contingencies — (Continued)

Other Contingent Matters

In addition to the matters discussed above, various other legal actions, governmental investigations and proceedings and claims are pending or may be instituted or asserted in the future against the Company, including those arising out of alleged defects in the Company's products; governmental regulations relating to safety; employment-related matters; customer, supplier and other contractual relationships; and intellectual property rights. Some of the foregoing matters may involve compensatory, punitive or antitrust or other treble damage claims in very large amounts, or demands for equitable relief, sanctions, or other relief.

Contingencies are subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. Reserves have been established by the Company for matters where losses are deemed probable and reasonably estimable. It is possible, however, that some of the matters could be decided unfavorably to the Company and could require the Company to pay damages or make other expenditures in amounts, or a range of amounts, that cannot be estimated at September 30, 2007 and that are in excess of established reserves. The Company does not reasonably expect, except as otherwise described herein, based on its analysis, that any adverse outcome from such matters would have a material effect on the Company's financial condition, results of operations or cash flows, although such an outcome is possible.

The Company enters into agreements that contain indemnification provisions in the normal course of business for which the risks are considered nominal and impracticable to estimate.

NOTE 20. Segment Information

Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosures about Segments of an Enterprise and Related Information," requires the Company to disclose certain financial and descriptive information about certain segments of its business. Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision-maker, or a decision-making group, in deciding the allocation of resources and in assessing performance.

The Company's operating segments are comprised of the following: Climate, Electronics, Interiors and Other. These global product groups have financial and operating responsibility over the design, development and manufacture of the Company's product portfolio. Within each of the global product groups, certain facilities manufacture a broader range of the Company's total product line offering and are not limited to the primary product line. Regional customer groups are responsible for the marketing, sales and service of the Company's product portfolio to its customer base. Certain functions such as procurement, information technology and other administrative activities are managed on a global basis with regional deployment. In addition to these global product groups, the Company also operates Visteon Services, a centralized administrative function to monitor and facilitate transactions with ACH for the costs of leased employees and other services provided to ACH by the Company. As a result of the Chassis Divestiture, Visteon Services will also provide transitional administrative support to the buyer for a period of up to eighteen months.

The Company's chief operating decision making group, comprised of the Chief Executive Officer ("CEO"), Chief Operating Officer ("COO") and Chief Financial Officer ("CFO"), evaluates the performance of the Company's segments primarily based on net sales, before elimination of inter-company shipments, gross margin and operating assets. Gross margin is defined as total sales less costs to manufacture and product development and engineering expenses. Operating assets include inventories and property and equipment utilized in the manufacture of the segments' products.

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

NOTE 20. Segment Information — (Continued)

Overview of Segments

- Climate: The Company's Climate product group includes facilities that primarily manufacture climate air handling modules, powertrain cooling modules, climate controls, heat exchangers, compressors, fluid transport, and engine induction systems.
- Electronics: The Company's Electronics product group includes facilities that primarily manufacture audio systems, infotainment systems, driver information systems, powertrain and feature control modules, electronic control modules and lighting.
- Interiors: The Company's Interior product group includes facilities that primarily manufacture instrument panels, cockpit modules, door trim and floor consoles.
- Other: The Company's Other product group includes facilities that primarily manufacture fuel products, chassis products, powertrain products, alternators and starters, as well as parts sold and distributed to the automotive aftermarket.
- Services: The Company's Services operations supply leased personnel and transition services as required by certain agreements entered into by the Company with ACH as a part of the ACH Transactions. Pursuant to the Master Services Agreement and the Salaried Employee Lease Agreement the Company, agreed to provide ACH with certain information technology, personnel and other services to enable ACH to conduct its business. Services to ACH are provided at a rate approximately equal to the Company's cost until such time the services are no longer required by ACH or the expiration of the related agreement. In addition to services provided to ACH, the Company has also agreed to provide certain transition services related to the Chassis Divestiture. The Company expects to provide these services for up to eighteen months after the April 30, 2007 sale of those facilities.

Net Sales, Gross Margin and Operating Assets

A summary of net sales and gross margin by segment is provided below:

	Net Sales				Gross Margin			
	Three-Months Ended September 30		Nine-Months Ended September 30		Three-Months Ended September 30		Nine-Months Ended September 30	
	2007	2006	2007	2006	2007	2006	2007	2006
	(Dollars in Millions)							
Climate	\$ 795	\$ 711	\$ 2,508	\$ 2,351	\$ 52	\$ 11	\$ 145	\$ 131
Electronics	824	784	2,610	2,576	36	47	161	271
Interiors	700	678	2,282	2,196	13	(10)	46	42
Other	228	416	1,095	1,406	(2)	2	34	93
Eliminations	(137)	(142)	(494)	(497)	—	—	—	—
Total products	2,410	2,447	8,001	8,032	99	50	386	537
Services	136	133	407	416	2	2	5	4
Total segments	2,546	2,580	8,408	8,448	101	52	391	541
<u>Reconciling Items</u>								
Corporate	—	—	—	—	(2)	—	(20)	72
Total consolidated	<u>\$ 2,546</u>	<u>\$ 2,580</u>	<u>\$ 8,408</u>	<u>\$ 8,448</u>	<u>\$ 99</u>	<u>\$ 52</u>	<u>\$ 371</u>	<u>\$ 613</u>

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

NOTE 20. Segment Information — (Continued)

A summary of operating assets by segment is provided below:

	Inventories, net		Property and Equipment, net	
	September 30 2007	December 31 2006	September 30 2007	December 31 2006
	(Dollars in Millions)			
Climate	\$ 212	\$ 161	\$ 932	\$ 962
Electronics	160	135	770	796
Interiors	64	62	508	478
Other	99	162	83	259
Total products	535	520	2,293	2,495
Reconciling Items				
Corporate	—	—	505	539
Total consolidated	<u>\$ 535</u>	<u>\$ 520</u>	<u>\$ 2,798</u>	<u>\$ 3,034</u>

Reconciling Items

Certain adjustments are necessary to reconcile segment financial information to the Company's consolidated amounts. Corporate reconciling items are related to the Company's technical centers, corporate headquarters and other administrative and support functions.

Reclassification

Segment information for the three and nine-months ended September 30, 2006 and as of December 31, 2006 has been reclassified to reflect the alignment of the Company's South American operations with their respective global product groups during the first quarter of 2007.

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

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations, financial condition, and cash flows of Visteon Corporation ("Visteon" or the "Company"). MD&A is provided as a supplement to, and should be read in conjunction with, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and Current Report on Form 8-K dated August 3, 2007, as filed with the Securities and Exchange Commission and the financial statements and accompanying notes to the financial statements included elsewhere herein. The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments, including normal recurring adjustments, necessary for a fair presentation of such information.

Executive Summary

Visteon is a leading global supplier of climate, interiors, electronics and other automotive systems, modules and components to vehicle manufacturers as well as to the automotive aftermarket. The Company sells to all the of the world's largest vehicle manufacturers including BMW, Chrysler LLC, Daimler AG, Ford, General Motors, Honda, Hyundai / Kia, Nissan, Peugeot, Renault, Toyota and Volkswagen. The Company has a broad network of manufacturing, technical engineering and joint venture operations throughout the world, supported by approximately 43,000 employees dedicated to the design, development, manufacture and support of its product offering and its global customers. The Company conducts its business across five segments including, Climate, Interiors, Electronics, Other and Services.

By leveraging its extensive experience, innovative technology and geographic strengths, the Company aims to grow leading positions in key climate, interiors and electronics product groups and to improve overall margins, long-term operating profitability and cash flows. To achieve these goals and to respond to industry factors and trends, the Company is working to restructure its business, improve its operations and achieve profitable growth.

Financial results for the three-months ended September 30, 2007 are summarized as follows:

- Sales from continuing operations of \$2.5 billion compared to \$2.6 billion for the same period of 2006
- Gross margin of \$99 million or 3.9% of sales, up from \$52 million or 2.0% for the same period of 2006
- Selling, general and administrative expenses of \$131 million, \$45 million lower than the same period in 2006
- Net loss of \$109 million or \$0.84 per share was reduced by \$68 million compared to \$177 million or \$1.38 per share for the same period in 2006
- Cash of approximately \$1.4 billion as of September 30, 2007, \$365 million higher than as of December 31, 2006
- Cash used by operating activities of \$53 million compared to \$34 million for the same period in 2006
- Capital expenditures of \$88 million, higher than the same period in 2006 by \$6 million

Sales and New Business

Sales from continuing operations were \$2.5 billion for the three-months ended September 30, 2007 compared to sales from continuing operations of \$2.6 billion for the same period in 2006. Sales from continuing operations for the third quarter of 2007 included favorable currency of \$103 million, which was more than offset by the impact of divestitures, lower North American production volumes, customer pricing and changes in product mix. The Company's sales remain well balanced by core product group with Climate sales of \$795 million or 31%, Electronics sales of \$824 million or 32% and Interiors sales of \$700 million or 27%. The Company expects sales to remain well balanced by product group based on new business wins over the past several quarters.

While the distribution of the Company's sales has remained consistent across its core product groups, product sales on a regional basis experienced a significant shift during the three-months ended September 30, 2007 when compared to the same period a year ago. North America product sales decreased to 33% of total consolidated sales during the three-months ended September 30, 2007 from 36% for the same period of 2006. The sales decline in North America was primarily driven by decreases in Ford and Nissan vehicle production volumes and past Ford sourcing actions. Europe and South America product sales decreased to 39% of total consolidated sales during the three-months ended September 30, 2007 from 41% for the same period of 2006. The decline is attributable to the Chassis Divestiture, partially offset by favorable foreign currency and increased Ford Europe production volumes. Asia product sales increased to 28% of total consolidated sales during the three-months ended September 30, 2007 from 23% for the same period of 2006. The increase is attributable to higher vehicle production volumes and direct sourced content, new business, and favorable currency.

The automotive industry remains challenging, primarily in North America with continued market share pressures concentrated with U.S. vehicle manufacturers. Continued declines in North American vehicle production from some of the Company's key customers will continue to adversely affect the Company's operating results. However, the Company continues to work with other vehicle manufacturers to further its sales growth and diversification.

The third quarter of 2007 was another strong quarter for new business wins. During the three-months ended September 30, 2007 the Company won nearly \$300 million of new business, maintaining the momentum from 2006 when Visteon won \$1 billion of new business. Year-to-date new business wins are approximately \$750 million, of which nearly 66 percent is related to business outside of North America. The Company also was awarded significant renewals of existing contracts during 2007 with minimal incumbent losses. Sales from continuing operations for the three-months ended September 30, 2007 included sales to customers other than Ford of \$1.5 billion or 63% of total product sales. This represents a significant shift to a more diversified customer base as compared to the same period of 2006 when sales to customers other than Ford were \$1.4 billion or 57% of total product sales.

Visteon's customers expect it to continue to reduce the costs of the products it provides, and to increase the level of engineering and related support of vehicle programs on a global basis. The Company must continue to work on reducing its overall costs by restructuring its operations and infrastructure and improving productivity to offset pricing provided to its customers.

Operations and Restructuring

The Company's gross margin was \$99 million in the third quarter of 2007, compared with \$52 million in the third quarter of 2006, representing an increase of \$47 million. This increase includes \$14 million associated with the sale of land and buildings in the UK and \$11 million for a curtailment gain related to the Company's Connersville, Indiana facility. These increases were partially offset by \$8 million of accelerated depreciation expense related to restructuring activities, a \$6 million reduction associated with the Chassis Divestiture, and \$2 million of pension expenses related to a previously closed Canadian facility. The remainder of the gross margin increase was related to improved cost performance related to restructuring activities, partially offset by vehicle production volume and mix and customer pricing.

The Company continues its efforts to improve base operations, which have been focused on quality, safety, investments and cost efficiencies. However, the Company's near term performance has been impacted by lower vehicle production volumes, unfavorable product mix, premium costs related to certain non-core operations in Europe, and excess costs incurred for several new program launches.

The Company has undertaken various restructuring and other activities to improve base operations and achieve cost efficiencies. Significant actions taken during the three-months ended September 30, 2007 are as follows:

- The Company recorded \$8 million of employee severance and termination benefit charges at a European Climate facility.

- The Company recorded approximately \$6 million of employee severance and termination benefit costs related to the previously announced closure of a North American Other facility.
- The Company recorded \$9 million of employee severance and termination benefit costs associated with its general and administrative support infrastructure in light of the ongoing restructuring of the underlying business operations.

As the Company makes progress on its multi-year improvement plan, it continues to evaluate other cost saving measures including the migration of engineering, manufacturing and other jobs from high cost countries to low cost countries or the outright elimination of certain jobs. The Company will record the impact of these potential actions, if any, once management commits to a plan and can reasonably estimate the amounts to be incurred. The cost of future restructuring actions, if any, could be material to the consolidated financial statements and would be subject to partial reimbursement from the Escrow account.

Effective October 18, 2007 the Company entered into a non-binding Memorandum of Understanding (MOU) related to the sale of its remaining operations at the Swansea, UK facility. This facility, which generates annual sales of approximately \$100 million and employs about 400 people, manufactures power transfer units, transfer cases and axles for which Ford is the primary customer. The proposed sale, which is subject to due diligence, certain third party agreements, definitive documentation, and anti-trust clearance, is expected to be completed before December 31, 2007. The sale of the Swansea operation is a critical step for Visteon in restructuring its operations for sustainable profitability, although there can be no assurance that a transaction will be concluded by December 31, 2007 or at all.

In addition to the MOU, the Company continues to evaluate alternatives for other businesses in connection with the multi-year improvement plan, including additional potential divestitures or closures, which may have a material impact on the Company's financial statements in the form of restructuring charges, curtailments and or asset impairments. The Company cannot predict the timing or range of such amounts, if any, which may result.

The Company continues to execute its long-term improvement program although no assurances can be provided that the results of these efforts will mitigate the negative industry trends currently being experienced.

Cash and Liquidity

Cash used by operating activities was \$38 million during the nine-months ended September 30, 2007, compared with a source of \$42 million for the same period in 2006. As of September 30, 2007, the Company had cash balances totaling \$1.4 billion and total debt of \$2.7 billion. Additionally, the Company had availability of \$229 million under its U.S. revolving credit facility and \$146 million available for funding under its \$325 million European Securitization facility as of September 30, 2007.

On October 30, 2007, the Company's 70% owned subsidiary, Halla Climate Control Corporation ("HCCC"), borrowed approximately \$185 million pursuant to a short-term credit facility. HCC used the proceeds, plus internally generated funds, to subscribe for an ownership interest in a newly formed Korean company currently jointly owned with Visteon. The Korean company holds interests in certain climate control operations in India, China and United States.

Results of Operations

Discontinued Operations

In March 2007, the Company entered into a Master Asset and Share Purchase Agreement ("MASPA") to sell certain assets and liabilities associated with the Company's chassis operations (the "Chassis Divestiture"). The Company's chassis operations are primarily comprised of suspension, driveline and steering product lines and include facilities located in Dueren and Wuelfrath, Germany, Praszka, Poland and Sao Paulo, Brazil. Collectively, these operations recorded sales for the year ended December 31, 2006 of approximately \$600 million. The Chassis Divestiture, while representing a significant portion of the Company's chassis operations, did not result in the complete exit of any of the affected product lines.

Effective May 31, 2007, the Company ceased to produce brake components at its Swansea, UK facility, which resulted in the complete exit of the Company's global suspension product line. Accordingly, the results of operations of the Company's global suspension product line have been reclassified to "Loss from discontinued operations, net of tax" in the consolidated statements of operations for the three and nine-month periods ended September 30, 2007 and 2006.

A summary of the results of discontinued operations is provided in the table below.

	Three-Months Ended September 30 2006	Three-Months Ended September 30 2007	Nine-Months Ended September 30 2006
	(Dollars in Millions)		
Net product sales	\$ 35	\$ 50	\$ 129
Cost of sales	40	63	140
Gross margin	(5)	(13)	(11)
Selling, general and administrative expenses	1	1	2
Asset impairments	—	12	—
Restructuring expenses	—	10	—
Reimbursement from Escrow Account	—	12	—
Loss from discontinued operations, net of tax	\$ (6)	\$ (24)	\$ (13)

Three-Months Ended September 30, 2007 and 2006

	2007	Sales 2006	Change (Dollars in Millions)	2007	Gross Margin 2006	Change
Climate	\$ 795	\$ 711	\$ 84	\$ 52	\$ 11	\$ 41
Electronics	824	784	40	36	47	(11)
Interiors	700	678	22	13	(10)	23
Other	228	416	(188)	(2)	2	(4)
Eliminations	(137)	(142)	5	—	—	—
Total product	2,410	2,447	(37)	99	50	49
Services	136	133	3	2	2	—
Total segment	2,546	2,580	(34)	101	52	49
Reconciling Item						
Corporate	—	—	—	(2)	—	(2)
Total consolidated	\$ 2,546	\$ 2,580	\$ (34)	\$ 99	\$ 52	\$ 47

Net Sales

During the three-months ended September 30, 2007 the Company recorded sales from continuing operations of \$2.5 billion, compared to \$2.6 billion for the same period of 2006. Sales from continuing operations for the third quarter of 2007 were lower by \$174 million due to divestitures, decreased North American production volumes, customer pricing and changes in product mix, partially offset by favorable currency of \$103 million.

Net sales for Climate were \$795 million for the three-months ended September 30, 2007 compared with \$711 million for the three-months ended September 30, 2006, representing an increase of \$84 million or 12%. Sales increased due to vehicle production volume and mix of \$65 million, reflecting growth in Asia from new business and higher Ford Europe vehicle production volumes, partially offset by lower Ford North America vehicle production volumes and past Ford sourcing actions. Net customer price reductions were more than offset by favorable currency of \$31 million.

Net sales for Electronics were \$824 million during the three-months ended September 30, 2007 compared with \$784 million during the same period of 2006, representing an increase of \$40 million or 5%. Vehicle production volume and mix was favorable \$18 million and increased sales in Europe of \$28 million, which was primarily related to Ford Europe, were partially offset by \$14 million related to lower Ford North America vehicle production volume and past Ford sourcing actions. Net customer price reductions were more than offset by favorable currency of \$37 million.

Net sales for Interiors were \$700 million for the three-months ended September 30, of 2007, compared with \$678 million for the three-months ended September 30, 2006, representing an increase of \$22 million or 3%. Interiors sales in Asia increased \$56 million, primarily due to an increase in directed source sales to Hyundai/Kia, while Interiors sales in North America decreased \$57 million, driven by lower Ford and Nissan vehicle production volume. Net customer price reductions were more than offset by favorable currency of \$30 million.

The Company's Other product group generated net sales of \$228 million during the three-months ended September 30, 2007, compared with \$416 million during the three-months ended September 30, 2006, representing a decrease of \$188 million or 45%. The decrease in sales was primarily due to divestitures, including the second quarter 2007 Chassis Divestiture of \$139 million and the third quarter 2007 divestiture of the Company's Chennai, India facility of \$9 million. Vehicle production volume and mix was unfavorable by \$37 million and net customer price reductions were more than offset by favorable currency of \$5 million.

Services revenues relate to information technology, engineering, administrative and other business support services provided by the Company under the terms of various agreements. Such services are generally provided at an amount that approximates cost. Total services revenues were \$136 million in the three-months ended September 30, 2007, compared with \$133 million in the three-months ended September 30, 2006. The increase of \$3 million is primarily related to the services provided in connection with the Chassis Divestiture.

Gross Margin

The Company's gross margin was \$99 million for the third quarter of 2007, compared with \$52 million for the third quarter of 2006, representing an increase of \$47 million. This increase includes \$14 million associated with the sale of land and buildings in the UK and \$11 million for an OPEB curtailment gain related to the previously announced closure of the Company's Connersville, Indiana facility. These increases were partially offset by \$8 million of accelerated depreciation expense related to restructuring activities, a \$6 million reduction associated with the Chassis Divestiture, and \$2 million of pension settlement expenses related to a previously closed Canadian facility. The remainder of the gross margin increase was related to operating performance partially offset by vehicle volume and mix and customer pricing.

Gross margin for Climate was \$52 million during the three-months ended September 30, 2007, compared with \$11 million during the three-months ended September 30, 2006, representing an increase of \$41 million. The increase in gross margin included an \$11 million OPEB curtailment gain related to the previously announced closure of the Company's Connersville, Indiana facility, increased volume of \$7 million primarily related to new business in Asia Pacific and favorable currency of \$3 million. Additionally, material and manufacturing cost reduction activities, lower OPEB expense, and restructuring savings were partially offset by customer price reductions, increases in raw material costs and accelerated depreciation resulting in an increase in gross margin of \$20 million.

Gross margin for Electronics was \$36 million for the three-months ended September 30, 2007, compared with \$47 million for the three-months ended September 30, 2006, representing a decrease of \$11 million or 23%. Vehicle production volume and mix was unfavorable \$10 million in North America primarily related to lower Ford vehicle production volumes and the impact of past sourcing actions. However, vehicle production volume and mix was favorable \$6 million in other regions, primarily Europe, reflecting increased Ford Europe vehicle production volume. Accelerated depreciation related to restructuring activities resulted in a reduction of gross margin of \$4 million. Material and manufacturing cost reduction activities, lower OPEB expense, and restructuring savings were offset by premium launch costs, customer price reductions, and increases in raw material costs resulting in a decrease in gross margin of \$5 million. Gross margin for the third quarter of 2007 included favorable currency of \$2 million.

Gross margin for Interiors was \$13 million for the three-months ended September 30, 2007, compared with a \$10 million loss in the same period of 2006, representing an increase of \$23 million. Material and manufacturing cost reduction activities, lower OPEB expense, and restructuring savings were partially offset by customer price reductions and increases in raw material costs resulting in an increase in gross margin of \$10 million. Gross margin for the third quarter of 2007 also included \$12 million from the sale of a building located in the UK and favorable currency of \$3 million. Vehicle production volume and mix resulted in a reduction to gross margin in North America of \$6 million partially offset by a \$4 million increase in Asia Pacific.

Gross margin for Other was a loss of \$2 million for the three-months ended September 30, 2007, compared with \$2 million for the three-months ended September 30, 2006, representing a decrease of \$4 million. The decrease included a \$9 million reduction associated with continued lower volume related to past Ford sourcing actions, customer price reductions, and increases in raw material costs, partially offset by material and manufacturing cost reduction activities, lower OPEB expense, and restructuring savings. Additionally, the Chassis Divestiture resulted in a decrease of \$6 million. The non-recurrence of a 2006 litigation settlement increased gross margin by \$9 million and the sale of a building in the UK resulted in an improvement of \$2 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses of \$131 million for the three-months ended September 30, 2007 decreased by \$45 million or 26% when compared to \$176 million for same period of 2006. The decrease resulted from lower stock-based compensation expense of \$14 million, cost efficiencies primarily related to salaried headcount reductions during the fourth quarter of 2006 and first quarter of 2007 of \$12 million, recoveries from a customer in bankruptcy of \$11 million and the non-recurrence of fees associated with the 2006 establishment of the European Securitization facility of \$9 million partially offset by foreign currency.

Asset Impairments

During the third quarter of 2007, the Company completed the sale of its Visteon Powertrain Control Systems India ("VPCSI") operation located in Chennai, India. The Company determined that assets subject to the VPCSI divestiture, including inventory, intellectual property, and real and personal property, met the "held for sale" criteria of SFAS 144. Accordingly, these assets were valued at the lower of carrying amount or fair value less cost to sell, which resulted in asset impairment charges of approximately \$14 million.

Restructuring Expenses

During the three-months ended September 30, 2007, the Company recorded restructuring expenses of approximately \$27 million under the previously announced multi-year improvement plan, including the following significant actions:

- The Company recorded \$8 million of employee severance and termination benefit charges at a European Climate facility. The charges relate to approximately 100 hourly and salaried employees.
- The Company recorded approximately \$6 million of employee severance and termination benefit costs related to the previously announced closure of a North American Other facility.
- In connection with the activities under the multi-year improvement plan, the Company continues to evaluate its general and administrative support infrastructure and to reduce related costs in light of the changes in the underlying business operations. Accordingly, the Company recorded \$9 million of employee severance and termination benefit costs related to approximately 30 salaried employees.

Interest

Interest expense was \$59 million for the three-months ended September 30, 2007 as compared to \$46 million for the same period of 2006. The increase of \$13 million was due to higher average debt levels

in 2007. Interest income increased by \$11 million to a total of \$17 million for the three-months ended September 30, 2007 largely due to higher cash balances and related investments in 2007.

Income Taxes

The provision for income taxes of \$20 million for the three-month period ended September 30, 2007 represents an increase of \$10 million when compared with the same period of 2006. The income tax provisions for the three-month periods ended September 30, 2007 and 2006 reflect income tax expense related to those countries where the Company is profitable, accrued withholding taxes, certain non-recurring and other discrete items and the inability to record a tax benefit for pre-tax losses in the U.S. and certain foreign countries to the extent not offset by other categories of income in those jurisdictions.

The provision for income taxes for the three-month period ended September 30, 2007 includes an expense of \$30 million reflecting an increase in unrecognized tax benefits resulting from positions taken in tax returns filed during the quarter, as well as those expected to be taken in future tax returns. The Company recorded a tax benefit of \$25 million related to tax-effecting current year operating losses in the U.S. and Germany to the extent of increases in other comprehensive income, which were principally attributable to foreign currency exchange fluctuations. The Company also recorded tax expense of \$13 million for those countries where the Company is profitable and \$2 million of non-recurring and other discrete items.

In October 2007, significant changes to tax laws in Mexico were enacted which will require the Company to assess the impact that such changes will have on the ability to recover its remaining deferred tax assets in Mexico. Any adverse impact would likely result in an increase in the valuation allowance, and therefore, additional income tax expense, in the applicable period. The Company is currently evaluating the impact of these recently enacted tax law changes on its consolidated financial statements.

Nine-Months Ended September 30, 2007 and 2006

	Net Sales			Gross Margin		
	2007	2006	Change	2007	2006	Change
	(Dollars in Millions)					
Climate	\$ 2,508	\$ 2,351	\$ 157	\$ 145	\$ 131	\$ 14
Electronics	2,610	2,576	34	161	271	(110)
Interiors	2,282	2,196	86	46	42	4
Other	1,095	1,406	(311)	34	93	(59)
Eliminations	(494)	(497)	3	—	—	—
Total products	8,001	8,032	(31)	386	537	(151)
Services	407	416	(9)	5	4	1
Total segments	8,408	8,448	(40)	391	541	(150)
<u>Reconciling Items</u>						
Corporate	—	—	—	(20)	72	(92)
Total consolidated	<u>\$ 8,408</u>	<u>\$ 8,448</u>	<u>\$ (40)</u>	<u>\$ 371</u>	<u>\$ 613</u>	<u>\$ (242)</u>

Net Sales

Net sales from continuing operations were \$8.4 billion for the nine-month periods ended September 30, 2007, and 2006. During the nine-months ended September 30, 2007 sales increases resulting from favorable currency of \$401 million, higher volumes in Europe related to Ford and PSA, higher volumes in Asia due to directed source parts to Hyundai/Kia and new business were offset by \$235 million related to the Chassis Divestiture, lower Ford and Nissan vehicle production volumes in North America, and the impact of past Ford sourcing actions.

Net sales for Climate were \$2.5 billion during the nine-months ended September 30, 2007, compared with \$2.4 billion during the nine-months ended September 30, 2006, representing an increase of \$157 million or 7%. Sales increased in Asia by \$170 million, principally attributable to new business and higher production volumes. European sales increased by \$57 million principally related to Ford vehicle production volumes.

Sales were lower in North America by \$88 million due to lower Ford North America vehicle production and unfavorable product mix partially offset by new business. Net customer price reductions were more than offset by favorable currency of \$112 million.

Net sales for Electronics were \$2.6 billion for the nine-month periods ended September 30, 2007 and 2006. Sales for the nine-months ended September 30, 2007 reflected lower Ford North America vehicle production volumes and adverse product mix of \$183 million and higher sales in Europe of \$144 million due to higher Ford vehicle production volumes. Net customer price reductions were more than offset by favorable currency of \$130 million.

Net sales for Interiors were \$2.3 billion for the nine-months ended September 30, 2007, compared with \$2.2 billion for the nine-months ended September 30, 2006, representing an increase of \$86 million or 4%. Increased sales in Asia of \$240 million, primarily due to an increase in directed source content for Hyundai/Kia production, was partially offset by lower sales in North America of \$225 million, primarily due to lower Ford and Nissan vehicle production as well as the impact of lost volume related to the closure of the Chicago facility. Net customer price reductions were more than offset by favorable currency of \$113 million.

Net sales for Other were \$1.1 billion for the nine-months ended September 30, 2007, compared with \$1.4 billion for the nine-months ended September 30, 2006, representing a decrease of \$311 million or 22%. The decrease is largely attributable to the Chassis Divestiture, which resulted in a decrease of \$235 million and the VPCSI divestiture, which resulted in a decrease of \$9 million. Sales decreased by \$88 million with reductions in all regions related to lower vehicle production volumes and adverse product mix. Net customer price reductions were more than offset by favorable currency of \$46 million.

Services revenues relate to information technology, engineering, administrative and other business support services provided by the Company under the terms of various agreements. Such services are generally provided at an amount that approximates cost. Services revenues were \$407 million in the nine-month period ended September 30, 2007 compared with \$416 million in the nine-month period ended September 30, 2006.

Gross Margin

The Company's gross margin was \$371 million for the nine-months ended September 30, 2007, compared with \$613 million for the nine-months ended September 30, 2006, representing a decrease of \$242 million or 39%. The decrease resulted from the following items:

- Non-recurrence of certain benefits recorded in 2006, including \$72 million of OPEB relief related to the transfer of certain Visteon salaried employees to Ford, \$27 million from net commercial agreements, and tax reserve adjustments of \$8 million.
- Accelerated depreciation of \$30 million related to restructuring activities, \$22 million of employee benefit curtailment expense included in cost of sales but reimbursed from the escrow account, and \$20 million of pension settlement expenses related to a previously closed Canadian facility.
- Gain on the sale of land and buildings in the UK of \$14 million, the non-recurrence of a 2006 litigation settlement of \$9 million, and OPEB curtailment gains related to restructuring activities of \$20 million.
- The European chassis divestiture resulted in a reduction in gross margin of \$22 million.
- The remainder was related to vehicle production volume and mix and customer pricing partially offset by improved operating performance.

Gross margin for Climate was \$145 million for the nine-months ended September 30, 2007, compared with \$131 million for the nine-months ended September 30, 2006, representing an increase of \$14 million or 11%. Unfavorable vehicle and product mix as well as lower vehicle production volumes due to restructuring activities at the Company's Connersville, Indiana facility resulted in a decrease in gross margin of \$27 million. Accelerated depreciation and amortization related to restructuring activities reduced gross margin by \$13 million. Material and manufacturing cost reduction activities, lower OPEB expenses and restructuring

savings were partially offset by net customer price reductions and increases in raw material costs resulting in an increase in gross margin of \$47. Favorable currency increased gross margin by \$7 million.

Gross margin for Electronics was \$161 million for the nine-months ended September 30, 2007, compared with \$271 million for the nine-months ended September 30, 2006, representing a decrease of \$110 million or 41%. Vehicle production volume and mix was unfavorable \$119 million in North America primarily related to lower Ford vehicle production volumes and the impact of past Ford sourcing actions. However, vehicle production volume and mix was favorable \$45 million in other regions, primarily in Europe reflecting increased Ford Europe vehicle production volume. Accelerated depreciation and amortization related to restructuring activities reduced gross margin by \$11 million. Material and manufacturing cost reduction activities, lower OPEB expenses and restructuring savings were more than offset by premium launch costs, net customer price reductions, and increases in raw material costs resulting in a decrease in gross margin of \$37 million. Favorable currency increased gross margin by \$12 million.

Gross margin for Interiors was \$46 million for the nine-months ended September 30, 2007, compared with \$42 million for the nine-months ended September 30, 2006, representing an increase of \$4 million or 10%. Vehicle production volume and mix was unfavorable \$10 million reflecting lower Ford and Nissan vehicle production volumes in North America and the closure of the Chicago facility, partially offset by increases in Europe related to Ford Europe production and in Asia related to net new business. Accelerated depreciation related to restructuring activities reduced gross margin by \$3 million. Material and manufacturing cost reduction activities, lower OPEB expenses and restructuring savings was more than offset by net customer price reductions and increases in raw material costs resulting in a decrease in gross margin of \$2 million. Additionally, a gain on the sale of a building located in the UK increased gross margin by \$12 million. Favorable currency increased gross margin by \$7 million.

Gross margin for Other was \$34 million for the nine-months ended September 30, 2007, compared with \$93 million for the nine-months ended September 30, 2006, representing a decrease of \$59 million or 63%. This decrease includes \$22 million of pension curtailment expense included in cost of sales in 2007 but reimbursed from the escrow account. Additionally, the Chassis Divestiture resulted in a \$22 million reduction to gross margin. Vehicle production volume and mix was unfavorable \$30 million. The non-recurrence of a 2006 litigation settlement increased gross margin by \$9 million, and the sale of a building in the UK resulted in an improvement of \$2 million. The remaining \$4 million increase was associated with material and manufacturing cost reduction activities, lower OPEB expense, and restructuring savings, partially offset by customer price reductions and increases in raw material costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses of \$445 million for the nine-months ended September 30, 2007 decreased by \$92 million or 17% when compared with \$537 million for the same period of 2006. The decrease resulted from \$44 million of cost efficiencies primarily related to salaried headcount reductions during the fourth quarter of 2006 and the first quarter of 2007, lower stock-based compensation expense of \$36 million, \$24 million of lower bad debt and other expenses, which were partially offset by \$12 million of unfavorable currency.

Asset Impairments

The Company recorded asset impairment charges of \$14 million and \$65 million during the three and nine-month periods ended September 30, 2007. These impairment charges were recorded to adjust the carrying value of associated long-lived assets to their estimated fair value in accordance with SFAS 144.

During the third quarter of 2007, the Company completed the sale of its Visteon Powertrain Control Systems India ("VPCSI") operation located in Chennai, India. The Company determined that assets subject to the VPCSI divestiture including inventory, intellectual property, and real and personal property met the "held for sale" criteria of SFAS 144. Accordingly, these assets were valued at the lower of carrying amount or fair value less cost to sell, which resulted in asset impairment charges of approximately \$14 million.

During the first quarter of 2007, the Company determined that assets subject to the Chassis Divestiture including inventory, intellectual property, and real and personal property met the "held for sale" criteria of SFAS 144. Accordingly, these assets were valued at the lower of carrying amount or fair value less cost to sell, which resulted in asset impairment charges of approximately \$25 million. Approximately \$14 million of assets related to the Chassis Divestiture are classified as assets held for sale in the consolidated balance sheets as of September 30, 2007.

In consideration of the MASPA and the Company's announced exit of the brake manufacturing business at the Swansea, UK facility, an asset impairment charge of \$16 million was recorded to reduce the net book value of certain long-lived assets at the facility to their estimated fair value in the first quarter. The Company's estimate of fair value was based on market prices, prices of similar assets, and other available information.

During the first quarter of 2007, the Company entered into an agreement to sell an Electronics building located in Hiroshima, Japan. The Company determined that this building met the "held for sale" criteria of SFAS 144 as of March 31, 2007 and was recorded at the lower of carrying value or fair value less cost to sell, which resulted in an asset impairment charge of approximately \$7 million. The sale of the building was completed in the third quarter of 2007.

In connection with restructuring activities undertaken at a North American Other facility, the Company recorded an asset impairment of \$3 million to reduce the net book value of certain long-lived assets to their estimated fair value during the three-months ended June 30, 2007.

Restructuring Expenses

During the nine-month period ended September 30, 2007 the Company recorded restructuring charges of \$99 million under the previously announced multi-year improvement plan. Such costs are fully reimbursable under the terms of the Escrow Agreement. Significant restructuring actions for the nine-months ended September 30, 2007 include the following:

- The Company recorded \$20 million of employee severance and termination benefit costs for approximately 600 hourly and 100 salaried employees related to the expected 2008 closure of a North American Other facility.
- The Company recorded \$19 million of employee severance and termination benefit costs related to the elimination of approximately 180 salaried positions.
- The Company recorded \$12 million of expected employee severance and termination benefit costs associated with approximately 100 hourly employees under a plant efficiency action at a European Climate facility.
- The Company also recorded \$10 million of employee severance and termination benefit costs associated with the exit of its brake manufacturing operations at a European Other facility. Approximately 160 hourly and 20 salaried positions were eliminated as a result of this action.
- The Company recorded \$10 million of employee severance and termination benefit costs for approximately 150 employees at a European Interiors facility related to the transfer of production to other facilities.
- Approximately \$9 million was recorded related to the closure of a North American Climate facility for employee severance and termination benefits, lease termination costs and equipment move costs.
- Approximately \$8 million of employee severance and termination benefit costs were recorded for approximately 40 hourly and 20 salaried employees at various European facilities.
- The Company recorded an estimate of employee severance and termination benefit costs of approximately \$5 million for the probable payment of such post-employment benefit costs in connection with the multi-year improvement plan.

Interest

Interest expense was \$163 million for the nine-months ended September 30, 2007 as compared to \$146 million for the same period of 2006. The increase of \$17 million was due to higher average debt levels in 2007. Interest income increased by \$19 million to a total of \$40 million for the nine-months ended September 30, 2007 largely due to higher cash balances and related investments in 2007.

Income Taxes

The provision for income taxes of \$65 million for the nine-month period ended September 30, 2007 represents an increase of \$8 million when compared with \$57 million in the same period of 2006. The income tax provisions for the nine-month periods ended September 30, 2007 and 2006 reflect income tax expense related to those countries where the Company is profitable, accrued withholding taxes, certain non-recurring and other discrete items and the inability to record a tax benefit for pre-tax losses in the U.S. and certain foreign countries to the extent not offset by other categories of income in those jurisdictions.

The provision for income taxes for the nine-month period ended September 30, 2007 includes an expense of \$44 million reflecting an increase in unrecognized tax benefits resulting from positions taken in tax returns filed during the quarter, as well as those expected to be taken in future tax returns. The Company recorded a tax benefit of \$52 million related to tax-effecting current year operating losses in the U.S. and Germany to the extent of increases in other comprehensive income, which were principally attributable to foreign currency exchange fluctuations. The Company also recorded tax expense of \$67 million for those countries where the Company is profitable and \$6 million of non-recurring and other discrete items.

In October 2007, significant changes to tax laws in Mexico were enacted which will require the Company to assess the impact that such changes will have on the ability to recover its remaining deferred tax assets in Mexico. Any adverse impact would likely result in an increase in the valuation allowance, and therefore, additional income tax expense, in the applicable period. The Company is currently evaluating the impact of these recently enacted tax law changes on its consolidated financial statements.

Liquidity

Overview

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

The Company believes that cash generated from operations and its available borrowing capacity under current agreements will be adequate to fund working capital requirements, restructuring activities, capital expenditures, debt service requirements and technology investments. However, the Company's ability to continue to fund these items may be adversely affected by many factors including, but not limited to, general economic conditions, specific industry conditions, financial markets, competitive factors and legislative and regulatory changes. Therefore, assurance cannot be provided that Visteon will generate sufficient cash flow from operations or that available borrowings will be sufficient to enable the Company to meet its liquidity needs.

Credit Ratings

Moody's current corporate rating of the company is B3 and SGL rating is 3. The rating on senior unsecured debt is Caa2 with a negative outlook. The current corporate rating of the Company by S&P is B and the short term liquidity rating is B-3, with a negative outlook on the rating. Fitch's current rating on the Company's senior secured debt is B with a negative outlook.

Any further downgrade in the Company's credit ratings could reduce its access to capital, increase the costs of future borrowings, and increase the possibility of more restrictive terms and conditions contained in any new or replacement financing arrangements or commercial agreements or payment terms with suppliers.

Cash and Equivalents

As of September 30, 2007 and December 31, 2006, the Company's consolidated cash balances totaled \$1.4 billion and \$1.1 billion, respectively. As the Company's operating profitability has become more concentrated with its foreign subsidiaries and joint ventures, the Company's cash balances located outside the U.S. continue to be significant. The Company's ability to efficiently access cash balances in certain foreign jurisdictions is subject to local regulatory and statutory requirements.

Asset Securitization

The Company transfers certain customer trade account receivables originating from subsidiaries located in Germany, Portugal, Spain, France and the UK ("Sellers") pursuant to a European securitization agreement ("European Securitization"). The European Securitization agreement extends until August 2011 and provides up to \$325 million in funding from the sale of receivables originated by the Sellers and transferred to Visteon Financial Centre P.L.C. (the "Transferor"). The Transferor is a bankruptcy-remote qualifying special purpose entity. Receivables transferred from the Sellers are funded through cash obtained from the issuance of variable loan notes to third-party lenders and through subordinated loans obtained from a wholly-owned subsidiary of the Company, which represent the Company's retained interest in the receivables transferred.

Availability of funding under the European Securitization depends primarily upon the amount of trade account receivables, reduced by outstanding borrowings under the program and other characteristics of those receivables that affect their eligibility (such as bankruptcy or the grade of the obligor, delinquency and excessive concentration). As of September 30, 2007, approximately \$242 million of the Company's transferred receivables were considered eligible for borrowing under this facility, \$96 million was outstanding and \$146 million was available for funding.

Revolving Credit

The Company's Revolving Credit Agreement allows for available borrowings of up to \$350 million. The amount of availability at any time is dependent upon various factors, including outstanding letters of credit, the amount of eligible receivables, inventory and property and equipment. Borrowings under the Revolving Credit Agreement bear interest based on a variable rate interest option selected at the time of borrowing. The Revolving Credit Agreement expires on August 14, 2011.

As of September 30, 2007, there were no outstanding borrowings under the Revolving Credit Agreement. The total facility availability for the Company was \$324 million, with \$229 million of available borrowings under the facility after a reduction for \$95 million of obligations under letters of credit.

Obligations under the Revolving Credit Agreement are collateralized by a first-priority lien on certain assets of the Company and most of its domestic subsidiaries, including real property, accounts receivable, inventory, equipment and other tangible and intangible property, including the capital stock of nearly all direct and indirect domestic subsidiaries (other than those domestic subsidiaries the sole assets of which are capital stock of foreign subsidiaries), as well as a second-priority lien on substantially all other material tangible and intangible assets of the Company and most of its domestic subsidiaries which collateralize the Company's seven-year term loan agreement. The terms of the Revolving Credit Agreement limit the obligations collateralized by certain U.S. assets to ensure compliance with the Company's bond indenture.

Cash Flows

Operating Activities

Cash used by operating activities was \$38 million during the nine-months ended September 30, 2007, compared with a source of \$42 million for the same period in 2006. The decrease is largely attributable to a higher net loss, as adjusted for non-cash items, a reduction in receivables sold, an increase in Ford North American receivable terms from 22 days to 26 days, and incentive compensation payments in 2007, partially offset by the non-recurrence of the settlement of outstanding payable balances with ACH plants in 2006, and improved working capital.

Investing Activities

Cash used by investing activities was \$79 million during the nine-months ended September 30, 2007, compared with \$253 million for the same period in 2006. The decrease in cash usage resulted principally from proceeds associated with the Chassis Divestiture in 2007, an increase in asset sales, and a reduction in capital expenditures, excluding capital leases. The Company's capital expenditures, excluding capital leases, in the nine-months ended September 30, 2007 totaled \$232 million, compared with \$265 million for the same period in 2006.

Financing Activities

Cash provided from financing activities totaled \$452 million during the nine-months ended September 30, 2007, compared with \$60 million for the same period in 2006. The cash proceeds in 2007 reflect the proceeds from the Company's \$500 million addition to its seven-year term loan, partially offset by reductions in affiliate debt and book overdrafts. Cash provided from financing activities increased by \$392 million when compared to the nine-months ended September 30, 2006, which included proceeds from the Company's \$800 million seven-year term loan, partially offset by a net repayment of \$322 million on the Company's revolving credit facility, repayment and termination of the Company's \$241 million five-year term loan, and repurchase of \$150 million of its outstanding 8.25% interest bearing notes due August 1, 2010.

Other Debt and Capital Structure

Additional information related to the Company's other debt and related agreements is set forth in Note 14 "Debt", to the consolidated financial statements included herein under Item 1.

Covenants and Restrictions of Credit Agreements

Subject to limited exceptions, each of the Company's direct and indirect, existing and future, domestic subsidiaries as well as certain foreign subsidiaries, acts as guarantor under its \$1.5 billion term loan credit agreement. The obligations under the credit agreement are secured by a first-priority lien on certain assets of the Company and most of its domestic subsidiaries, including intellectual property, intercompany debt, the capital stock of nearly all direct and indirect domestic subsidiaries as well as certain foreign subsidiaries, and 65% of the stock of certain foreign subsidiaries, as well as a second-priority lien on substantially all other material tangible and intangible assets of the Company and most of its domestic subsidiaries.

The obligations under the revolving credit agreement are secured by a first-priority lien on certain assets of the Company and most of its domestic subsidiaries, including real property, accounts receivable, inventory, equipment and other tangible and intangible property, including the capital stock of nearly all direct and indirect domestic subsidiaries (other than those domestic subsidiaries the sole assets of which are capital stock of foreign subsidiaries) and certain foreign subsidiaries, as well as a second-priority lien on substantially all other material tangible and intangible assets of the Company and most of its domestic subsidiaries which secure the Company's term loan credit agreement.

The terms relating to both credit agreements specifically limit the obligations to be secured by a security interest in certain U.S. manufacturing properties and intercompany indebtedness and capital stock of U.S. manufacturing subsidiaries in order to ensure that, at the time of any borrowing under the Credit Agreement and other credit lines, the amount of the applicable borrowing which is secured by such assets (together with other borrowings which are secured by such assets and obligations in respect of certain

sale-leaseback transactions) do not exceed 15% of Consolidated Net Tangible Assets (as defined in the indenture applicable to the Company's outstanding bonds and debentures).

The credit agreements contain, among other things, mandatory prepayment provisions for certain asset sales, recovery events, equity issuances and debt incurrence, covenants, representations and warranties and events of default customary for facilities of this type. Such covenants include certain restrictions on the incurrence of additional indebtedness, liens, acquisitions and other investments, mergers, consolidations, liquidations and dissolutions, sales of assets, dividends and other repurchases in respect of capital stock, voluntary prepayments of certain other indebtedness, capital expenditures, transactions with affiliates, changes in fiscal periods, hedging arrangements, lines of business, negative pledge clauses, subsidiary distributions and the activities of certain holding company subsidiaries, subject to certain exceptions.

Under certain conditions, amounts outstanding under the credit agreements may be accelerated. Bankruptcy and insolvency events with respect to the Company or certain of its subsidiaries will result in an automatic acceleration of the indebtedness under the credit agreements. Subject to notice and cure periods in certain cases, other events of default under the credit agreements will result in acceleration of indebtedness under the credit agreements at the option of the lenders. Such other events of default include failure to pay any principal, interest or other amounts when due, failure to comply with covenants, breach of representations or warranties in any material respect, non-payment or acceleration of other material debt, entry of material judgments not covered by insurance, or a change of control of the Company.

At September 30, 2007, the Company was in compliance with applicable covenants and restrictions, as amended, although there can be no assurance that the Company will remain in compliance with such covenants in the future. If the Company was to violate a covenant and not obtain a waiver, the credit agreements could be terminated and amounts outstanding would be accelerated. The Company can provide no assurance that, in such event, it would have access to sufficient liquidity resources to repay such amounts.

Off-Balance Sheet Arrangements

Guarantees

The Company has guaranteed certain Tier 2 suppliers' debt and lease obligations and other third-party service providers' obligations to ensure the continued supply of essential parts. These guarantees have not, nor does the Company expect they are reasonably likely to have, a material current or future effect on the Company's financial position, results of operations or cash flows.

Asset Securitization

Transfers under the European Securitization, for which the Company receives consideration other than a beneficial interest, are accounted for as "true sales" under the provisions of Statement of Financial Accounting Standards No. 140 ("SFAS 140"), "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" and are removed from the balance sheet. Transfers under the European Securitization, for which the Company receives a beneficial interest are not removed from the balance sheet and total \$463 million and \$482 million as of September 30, 2007 and December 31, 2006, respectively. Such amounts are recorded at fair value and are subordinated to the interests of third-party lenders. Securities representing the Company's retained interests are accounted for as trading securities under Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities."

Availability of funding under the European Securitization depends primarily upon the amount of trade account receivables, reduced by outstanding borrowings under the program and other characteristics of those receivables that affect their eligibility (such as bankruptcy or the grade of the obligor, delinquency and excessive concentration). As of September 30, 2007, approximately \$242 million of the Company's transferred receivables were considered eligible for borrowing under this facility, \$96 million was outstanding and \$146 million was available for funding. The Company recorded losses of \$1 million

and \$6 million for the three and nine-month periods ended September 30, 2007 related to receivables sold under the European Securitization.

The table below provides a reconciliation of the change in interests in account receivables transferred for the period.

	Three-Months Ended September 30, 2007	Nine-Months Ended September 30, 2007
	(Dollars in Millions)	
Beginning balance	\$ 551	\$ 482
Receivables transferred	646	2,535
Proceeds from new securitizations	—	(41)
Proceeds from collections reinvested in securitization	(124)	(381)
Cash flows received on interests retained	(610)	(2,132)
Ending balance	\$ 463	\$ 463

New Accounting Standards

In February 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115." SFAS 159 permits measurement of financial instruments and certain other items at fair value. SFAS 159 is designed to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of the first fiscal year after November 15, 2007. The Company is currently evaluating the impact of this statement on its consolidated financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements." This statement, which becomes effective January 1, 2008, defines fair value, establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurements. The Company is currently evaluating the impact of this statement on its consolidated financial statements.

In March 2006, the FASB issued Statement of Financial Accounting Standards No. 156 ("SFAS 156"), "Accounting for Servicing of Financial Assets." This statement amends Statement of Financial Accounting Standards No. 140, ("SFAS 140"), "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" with respect to the accounting for separately recognized servicing assets and servicing liabilities. The Company adopted SFAS 156 as of January 1, 2007 without a material impact on its consolidated financial statements.

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155 ("SFAS 155"), "Accounting for Certain Hybrid Financial Instruments" which amends Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivatives Instruments and Hedging Activities" and SFAS 140. SFAS 155 amends SFAS 133 to narrow the scope exception for interest-only and principal only strips on debt instruments to include only such strips representing rights to receive a specified portion of the contractual interest or principle cash flows. The Company adopted SFAS 155 as of January 1, 2007 without a material impact on its consolidated financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS 109") "Accounting for Income Taxes" and prescribes a recognition threshold and measurement process for recording in the financial statements tax positions taken or expected to be taken in a tax return. The evaluation of a tax position under FIN 48 is a two-step process. The first step requires an entity to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. For those positions that meet the more likely than not recognition threshold, the second step requires measurement of the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company adopted the provisions of FIN 48 effective January 1, 2007, without a material impact to the Company's consolidated financial statements.

Cautionary Statements Regarding Forward-Looking Information

Certain statements contained or incorporated in this Interim Report on Form 10-Q which are not statements of historical fact constitute "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Forward-looking statements give current expectations or forecasts of future events. Words such as "anticipate", "expect", "intend", "plan", "believe", "seek", "estimate" and other words and terms of similar meaning in connection with discussions of future operating or financial performance signify forward-looking statements. These statements reflect the Company's current views with respect to future events and are based on assumptions and estimates, which are subject to risks and uncertainties including those discussed in Item 1A under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for fiscal year 2006 and elsewhere in this report. Accordingly, the reader should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent the Company's estimates and assumptions only as of the date of this report. The Company does not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made. The Company qualifies all of its forward-looking statements by these cautionary statements.

The reader should understand that various factors, in addition to those discussed elsewhere in this document, could affect the Company's future results and could cause results to differ materially from those expressed in such forward-looking statements, including:

- Visteon's ability to satisfy its future capital and liquidity requirements; Visteon's ability to access the credit and capital markets at the times and in the amounts needed and on terms acceptable to Visteon, which is influenced by Visteon's credit ratings (which have declined in the past and could decline further in the future); Visteon's ability to comply with covenants applicable to it; and the continuation of acceptable supplier payment terms.
- Visteon's ability to satisfy its pension and other postemployment 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.
- 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.
- Changes in vehicle production volume of Visteon's customers in the markets where we operate, and in particular changes in Ford's North American and European vehicle production volumes and platform mix.
- Visteon's ability to profitably 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, aluminum, copper, fuel and natural gas.
- 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, improve its operating performance; to achieve the benefits of its restructuring actions; and to recover engineering and tooling costs.
- Visteon's ability to compete favorably with automotive parts suppliers with lower cost structures and greater ability to rationalize operations; and to exit non-performing businesses on satisfactory terms, particularly due to limited flexibility under existing labor agreements.
- Restrictions in labor contracts with unions that 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.
- The costs and timing of facility closures or dispositions, business or product realignments, or similar restructuring actions, including potential impairment or other charges related to the implementation of these actions or other adverse industry conditions and contingent liabilities.
- 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 shareholder class actions, SEC inquiries, 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.
- 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.
- Visteon's ability to provide various employee and transition services to Automotive Components Holdings, LLC in accordance with the terms of existing agreements between the parties, as well as Visteon's ability to recover the costs of such services.
- The availability of Visteon's federal net operating loss carryforward and other federal income tax attributes may be eliminated or significantly limited if a change of ownership of Visteon, within the meaning of Section 382 of the Internal Revenue Code, were to occur.
- Visteon's ability to quickly and adequately remediate control deficiencies in its internal control over financial reporting.

- Other factors, risks and uncertainties detailed from time to time in Visteon's Securities and Exchange Commission filings.

Other Financial Information

PricewaterhouseCoopers LLP, an independent registered public accounting firm, performed limited procedures in accordance with professional standards for a review of the financial data presented on page 3 through 30 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" within the meaning of Sections 7 and 11 of the Securities Act of 1933 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

The Company is exposed to market risks from changes in currency exchange rates, interest rates and certain commodity prices. To manage these risks, the Company uses a combination of fixed price contracts with suppliers, cost sourcing arrangements with customers and financial derivatives. The Company maintains 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

The Company'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. The Company's on-going solution is to reduce the exposure through operating actions.

The Company's primary foreign exchange operating exposures include the Euro, Korean Won, Czech Koruna and Mexican Peso. Because of the mix between the Company's costs and revenues in various regions, operating results are exposed generally to weakening of the Euro and to strengthening of the Korean Won, Czech Koruna and Mexican Peso. For transactions in these currencies, the Company utilizes a strategy of partial coverage. As of September 30, 2007, the Company's coverage for projected transactions in these currencies was approximately 69% for 2007.

As of September 30, 2007 and December 31, 2006, the net fair value of foreign currency forward and option contracts was a liability of \$5 million and an asset of \$8 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 \$47 million and \$76 million as of September 30, 2007 and December 31, 2006, 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 the Company's financial derivatives. It is also important to note that gains and losses indicated in the sensitivity analysis would generally be offset by gains and losses on the underlying exposures being hedged.

Interest Rate Risk

The Company monitors its exposure to interest rate risk principally in relation to fixed-rate and variable-rate debt. The Company uses derivative financial instruments to reduce exposure to fluctuations in interest rates in connection with its risk management policies. Accordingly, the Company has entered into certain fixed-for-variable and variable-for-fixed interest rate swap agreements to manage such interest rate exposures. The Company has entered into interest rate swaps for a portion of the 8.25% notes due August 1, 2010 (\$125 million) and a portion of the 7.00% notes due March 10, 2014 (\$225 million). These interest rate swaps effectively convert the designated portions of these notes from fixed interest rate to variable interest rate instruments. Additionally, the Company has entered into interest rate swaps for a portion of the \$1.5 billion term loan due in 2013 (\$200 million), effectively converting the designated portion of this loan from a variable interest rate to a fixed interest rate instrument. Approximately 33% and 43% of the Company's borrowings were effectively on a fixed rate basis as of September 30, 2007 and December 31, 2006, respectively.

As of September 30, 2007 and December 31, 2006, the net fair value of interest rate swaps was a liability of \$15 million and \$18 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 \$4 million as of September 30, 2007 and December 31, 2006. The annual increase in pre-tax interest expense from a hypothetical 50 basis point adverse change in variable interest rates (including the impact of interest rate swaps) would be approximately \$9 million and \$6 million as of September 30, 2007 and December 31, 2006, respectively. This analysis may overstate the adverse impact on net interest expense because of the short-term nature of the Company's interest bearing investments.

Commodity Risk

The Company's exposure to market risks from changes in the price of commodities including steel products, plastic resins, aluminum, natural gas and diesel fuel are not hedged due to a lack of acceptable hedging instruments in the market. The Company's exposures to price changes in such commodities are attempted to be addressed through negotiations with the Company's suppliers and customers, although there can be no assurance that the Company will not have to absorb any or all price increases and/or surcharges. When and if acceptable hedging instruments are available in the market, management will determine at that time if financial hedging is appropriate, depending upon the Company's exposure level at that time, the effectiveness of the financial hedge and other factors.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports the Company files with the SEC under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

The Company's management carried out an evaluation, under the supervision and with the participation of the CEO and the CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2007. Based upon that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2007 that have materially effected, or are reasonably likely to materially effect, the Company's internal control over financial reporting.

**PART II
OTHER INFORMATION**

ITEM 1. LEGAL PROCEEDINGS

See the information above under Note 19. "Commitments and Contingencies," to the consolidated financial statements which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

For information regarding factors that could affect the Company's results of operations, financial condition and liquidity, see the risk factors discussed in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. See also, "Cautionary Statements Regarding Forward-Looking Information" included in Part I, Item 2 of this Quarterly Report on Form 10-Q.

ITEM 5. OTHER INFORMATION

On November 8, 2007, the Board of Directors of the Company approved the promotion of William G. Quigley III to the position of Executive Vice President and Chief Financial Officer, effective immediately. Previously Mr. Quigley held the position of Senior Vice President and Chief Financial Officer. The Organization and Compensation Committee of the Company also approved certain changes to Mr. Quigley's compensation commensurate with his new organizational level, including a base salary of \$625,000 and revised opportunities under the Company's an annual and long-term incentive programs of 65% and 250% of his base salary, respectively.

ITEM 6. EXHIBITS

Please refer to the Exhibit Index on Page 54

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/ MICHAEL J. WIDGREN
Michael J. Widgren
Vice President, Corporate Controller and
Chief Accounting Officer

Date: November 8, 2007

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 Current Report on Form 8-K of Visteon dated May 22, 2007.
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 Current Report on Form 8-K of Visteon dated May 22, 2007.
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.
4.4	Warrant to purchase 25 million shares of common stock of Visteon, dated as of May 17, 2007, is incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of Visteon dated May 18, 2007.
4.5	Form of Stockholder Agreement, dated as of October 1, 2005, between Visteon and Ford Motor Company ("Ford") is incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K of Visteon dated September 16, 2005.
4.6	Letter Agreement, dated as of May 17, 2007, among Visteon, LB I Group, Inc. and Ford Motor Company is incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K of Visteon dated May 18, 2007.
4.7	Term sheet dated July 31, 2000 establishing the terms of Visteon's 8.25% Notes due August 1, 2010, is incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K of Visteon dated August 16, 2000.
10.1	Master Transfer Agreement dated as of March 30, 2000 between Visteon and 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	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).
10.3	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.
10.3.1	Amendment Number Two, effective as of October 1, 2005, to Amended and Restated Employee Transition Agreement, dated as of April 1, 2000 and restated as of December 19, 2003, between Visteon and Ford is incorporated herein by reference to Exhibit 10.15 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.4	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).
10.5	Visteon Corporation 2004 Incentive Plan, as amended and restated, is incorporated herein by reference to Appendix C to the Proxy Statement of Visteon dated March 30, 2006.*
10.5.1	Amendment to the Visteon Corporation 2004 Incentive Plan, effective as of June 14, 2007, is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon dated June 20, 2007.*
10.5.2	Form of Terms and Conditions of Nonqualified Stock Options.*

Exhibit Number	Exhibit Name
10.5.3	Form of Terms and Conditions of Restricted Stock Grants is incorporated herein by reference to Exhibit 10.5.2 to the Quarterly Report on Form 10-Q of Visteon dated May 9, 2007.*
10.5.4	Form of Terms and Conditions of Restricted Stock Units is incorporated herein by reference to Exhibit 10.5.3 to the Quarterly Report on Form 10-Q of Visteon dated May 9, 2007.*
10.5.5	Form of Terms and Conditions of Stock Appreciation Rights is incorporated herein by reference to Exhibit 10.5.4 to the Quarterly Report on Form 10-Q of Visteon dated May 9, 2007.*
10.6	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.*
10.6.1	Form of Amendment to Revised Change in Control Agreement constituting Exhibit 10.6 hereto is incorporated herein by reference to Exhibit 10.6.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2006.*
10.6.2	Schedule identifying substantially identical agreements to Revised Change in Control Agreement constituting Exhibit 10.6 and Amendment to Revised Change of Control Agreement constituting Exhibit 10.6.1 hereto entered into by Visteon with Messrs. Johnston, Stebbins, Palmer, Donofrio, and Quigley and Ms. Stephenson, is incorporated herein by reference to Exhibit 10.6.2 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2006.*
10.7	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.*
10.7.1	Amendments to the Visteon Corporation Deferred Compensation Plan for Non-Employee Directors, effective as of December 14, 2005 is incorporated herein by reference to Exhibit 10.14.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2005.*
10.8	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.*
10.8.1	Amendments to the Visteon Corporation Restricted Stock Plan for Non-Employee Directors, effective as of January 1, 2005 is incorporated herein by reference to Exhibit 10.15.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2005.*
10.8.2	Amendment to the Visteon Corporation Restricted Stock Plan for Non-Employee Directors, effective as of May 10, 2006, is incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of Visteon dated May 12, 2006.*
10.9	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.*
10.9.1	Amendments to the Visteon Corporation Deferred Compensation Plan, effective as of December 23, 2005 is incorporated herein by reference to Exhibit 10.16.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2005.*
10.10	Employment Agreement dated as of December 7, 2004 between Visteon and William G. Quigley III 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, 2005.*
10.11	Visteon Corporation Pension Parity Plan, as amended through February 9, 2005, is incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K of Visteon dated February 15, 2005.*
10.11.1	Amendments to the Visteon Corporation Pension Parity Plan, effective as of January 1, 2005 is incorporated herein by reference to Exhibit 10.18.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2005.*

Exhibit Number	Exhibit Name
10.12	Visteon Corporation Supplemental Executive Retirement Plan, as amended through February 9, 2005, is incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of Visteon dated February 15, 2005.*
10.12.1	Amendments to the Visteon Corporation Supplemental Executive Retirement Plan, effective as of January 1, 2005 is incorporated herein by reference to Exhibit 10.19.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2005.*
10.12.2	Amendments to the Visteon Corporation Supplemental Executive Retirement Plan, effective as of June 30, 2006, is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon dated June 19, 2006.*
10.13	Amended and Restated Employment Agreement, effective as of March 1, 2007, between Visteon and Michael F. Johnston is incorporated herein by reference to Exhibit 10.13 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2006.*
10.14	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.*
10.15	Visteon Corporation Executive Separation Allowance Plan, as amended through February 9, 2005, is incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of Visteon dated February 15, 2005.*
10.15.1	Amendments to the Visteon Corporation Executive Separation Allowance Plan, effective as of January 1, 2005 is incorporated herein by reference to Exhibit 10.22.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2005.*
10.16	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 directors and executive officers under the plans constituting Exhibits 10.6, 10.6.1, 10.7, 10.7.1, 10.9, 10.9.1, 10.11, 10.11.1, 10.12, 10.12.1, 10.12.2, 10.15 and 10.15.1 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.*
10.17	Credit Agreement, dated as of August 14, 2006, among Visteon, certain subsidiaries of Visteon, the several banks and other financial institutions or entities from time to time party thereto, Bank of America, NA, Sumitomo Mitsui Banking Corporation, New York, and Wachovia Capital Finance Corporation (Central), as co-documentation agents, Citicorp USA, Inc., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent, is incorporated herein by reference to Exhibit 10.17 to the Quarterly Report on Form 10-Q of Visteon dated November 7, 2006.
10.17.1	First Amendment to Credit Agreement and Consent, dated as of November 27, 2006, to the Credit Agreement, dated as of August 14, 2006, among Visteon, certain subsidiaries of Visteon, the several banks and other financial institutions or entities from time to time party thereto, Bank of America, NA, Sumitomo Mitsui Banking Corporation, New York, and Wachovia Capital Finance Corporation (Central), as co-documentation agents, Citicorp USA, Inc., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent, is incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of Visteon dated December 1, 2006.
10.17.2	Second Amendment to Credit Agreement and Consent, dated as of April 10, 2007, to the Credit Agreement, dated as of August 14, 2006, among Visteon, certain subsidiaries of Visteon, the several banks and other financial institutions or entities from time to time party thereto, Bank of America, NA, Sumitomo Mitsui Banking Corporation, New York, and Wachovia Capital Finance Corporation (Central), as co-documentation agents, Citicorp USA, Inc., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent, is incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of Visteon dated April 16, 2007.

Exhibit Number	Exhibit Name
10.18	Amended and Restated Credit Agreement, dated as of April 10, 2007, among Visteon, the several banks and other financial institutions or entities from time to time party thereto, Credit Suisse Securities (USA) LLC and Sumitomo Mitsui Banking Corporation, as co-documentation agents, Citicorp USA, Inc., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent, is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon dated April 16, 2007.
10.18.1	Agreement to Amend and Restate, dated as of April 10, 2007, among Visteon, the several banks and other financial institutions or entities party to the Credit Agreement, dated as of June 13, 2006, Citicorp USA, Inc., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent, is incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of Visteon dated April 16, 2007.
10.19	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.*
10.20	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.
10.21	Letter Agreement, effective as of May 23, 2005, between Visteon and Mr. Donald J. Stebbins is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon dated May 23, 2005.*
10.22	Visteon Corporation Non-Employee Director Stock Unit Plan is incorporated herein by reference to Appendix D to the Proxy Statement of Visteon dated March 30, 2006.*
10.23	Reserved.
10.24	Visteon Executive Severance Plan is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon dated February 15, 2005.*
10.25	Form of Executive Retiree Health Care Agreement is incorporated herein by reference to Exhibit 10.28 to the Current Report on Form 8-K of Visteon dated December 9, 2004.*
10.25.1	Schedule identifying substantially identical agreements to Executive Retiree Health Care Agreement constituting Exhibit 10.25 hereto entered into by Visteon with Messrs. Johnston, Stebbins and Palmer and Ms. D. Stephenson is incorporated herein by reference to Exhibit 10.25.1 to the Quarterly Report on Form 10-Q of Visteon dated August 8, 2006.*
10.26	Contribution Agreement, dated as of September 12, 2005, between Visteon and VHF Holdings, Inc. is incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of Visteon dated September 16, 2005.
10.27	Visteon "A" Transaction Agreement, dated as of September 12, 2005, between Visteon and Ford is incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of Visteon dated September 16, 2005.
10.28	Visteon "B" Purchase Agreement, dated as of September 12, 2005, between Visteon and Ford is incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K of Visteon dated September 16, 2005.
10.29	Escrow Agreement, dated as of October 1, 2005, among Visteon, Ford and Deutsche Bank Trust Company Americas, as escrow agent, is incorporated herein by reference to Exhibit 10.11 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.30	Reimbursement Agreement, dated as of October 1, 2005, between Visteon and Ford is incorporated herein by reference to Exhibit 10.12 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.31	Master Services Agreement, dated as of September 30, 2005, between Visteon and Automotive Components Holdings, LLC is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon dated October 6, 2005.

Exhibit Number	Exhibit Name
10.32	Visteon Hourly Employee Lease Agreement, effective as of October 1, 2005, between Visteon and Automotive Components Holdings, LLC is incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.33	Visteon Hourly Employee Conversion Agreement, dated effective as of October 1, 2005, between Visteon and Ford is incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.34	Visteon Salaried Employee Lease Agreement, effective as of October 1, 2005, between Visteon and Automotive Components Holdings, LLC is incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.34.1	Amendment to Salaried Employee Lease Agreement and Payment Acceleration Agreement, dated as of March 30, 2006, among Visteon, Ford Motor Company and Automotive Components Holdings, LLC is incorporated herein by reference to Exhibit 10.46.1 to the Quarterly Report on Form 10-Q of Visteon dated May 10, 2006.
10.35	Visteon Salaried Employee Lease Agreement (Rawsonville/Sterling), dated as of October 1, 2005, between Visteon and Ford is incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.36	Visteon Salaried Employee Transition Agreement, dated effective as of October 1, 2005, between Visteon and Ford is incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.36.1	Amendment Number One to Visteon Salaried Employee Transition Agreement, effective as of March 1, 2006, between Visteon and Ford is incorporated herein by reference to Exhibit 10.36.1 to the Quarterly Report on Form 10-Q of Visteon dated August 8, 2006.
10.37	Purchase and Supply Agreement, dated as of September 30, 2005, between Visteon (as seller) and Automotive Components Holdings, LLC (as buyer) is incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K of Visteon dated October 6, 2005.†
10.38	Purchase and Supply Agreement, dated as of September 30, 2005, between Automotive Components Holdings, LLC (as seller) and Visteon (as buyer) is incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K of Visteon dated October 6, 2005.†
10.39	Purchase and Supply Agreement, dated as of October 1, 2005, between Visteon (as seller) and Ford (as buyer) is incorporated herein by reference to Exhibit 10.13 to the Current Report on Form 8-K of Visteon dated October 6, 2005.†
10.40	Intellectual Property Contribution Agreement, dated as of September 30, 2005, among Visteon, Visteon Global Technologies, Inc., Automotive Components Holdings, Inc. and Automotive Components Holdings, LLC is incorporated herein by reference to Exhibit 10.6 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.40.1	Amendment to Intellectual Property Contribution Agreement, dated as of December 11, 2006, among Visteon, Visteon Global Technologies, Inc., Automotive Components Holdings, Inc. and Automotive Components Holdings, LLC, is incorporated herein by reference to Exhibit 10.40.1 to the Annual Report on Form 10-K of Visteon for the period ended December 31, 2006.
10.41	Software License and Contribution Agreement, dated as of September 30, 2005, among Visteon, Visteon Global Technologies, Inc. and Automotive Components Holdings, Inc. is incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.42	Intellectual Property License Agreement, dated as of October 1, 2005, among Visteon, Visteon Global Technologies, Inc. and Ford is incorporated herein by reference to Exhibit 10.14 to the Current Report on Form 8-K of Visteon dated October 6, 2005.
10.43	Master Agreement, dated as of September 12, 2005, between Visteon and Ford is incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon dated September 16, 2005.

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Exhibit Number	Exhibit Name
10.44	Master Receivables Purchase & Servicing Agreement, dated as of August 14, 2006, by and among Visteon UK Limited, Visteon Deutschland GmbH, Visteon Sistemas Interiores Espana S.L., Cadiz Electronica SA, Visteon Portuguesa Limited, Visteon Financial Centre P.L.C., The Law Debenture Trust Corporation P.L.C., Citibank, N.A., Citibank International Plc, Citicorp USA, Inc., and Visteon is incorporated herein by reference to Exhibit 10.44 to the Quarterly Report on Form 10-Q of Visteon dated November 7, 2006.
10.45	Variable Funding Agreement, dated as of August 14, 2006, by and among Visteon UK Limited, Visteon Financial Centre P.L.C., The Law Debenture Trust Corporation P.L.C., Citibank International PLC, and certain financial institutions listed therein, is incorporated herein by reference to Exhibit 10.45 to the Quarterly Report on Form 10-Q of Visteon dated November 7, 2006.
10.46	Subordinated VLN Facility Agreement, dated as of August 14, 2006, by and among Visteon Netherlands Finance B.V., Visteon Financial Centre P.L.C., The Law Debenture Trust Corporation P.L.C., and Citibank International PLC is incorporated herein by reference to Exhibit 10.46 to the Quarterly Report on Form 10-Q of Visteon dated November 7, 2006.
10.47	Master Definitions and Framework Deed, dated as of August 14, 2006, by and among Visteon, Visteon Netherlands Finance B.V., Visteon UK Limited, Visteon Deutschland GmbH, Visteon Systemes Interieurs SAS, Visteon Ardennes Industries SAS, Visteon Sistemas Interiores Espana S.L., Cadiz Electronica SA, Visteon Portuguesa Limited, Visteon Financial Centre P.L.C., The Law Debenture Trust Corporation P.L.C., Citibank, N.A., Citibank International PLC, Citicorp USA, Inc., Wilmington Trust SP Services (Dublin) Limited, and certain financial institutions and other entities listed therein, is incorporated herein by reference to Exhibit 10.47 to the Quarterly Report on Form 10-Q of Visteon dated November 7, 2006.
12.1	Statement re: Computation of Ratios.
14.1	Visteon Corporation — Ethics and Integrity Policy, as amended effective September 23, 2005 (code of business conduct and ethics) is incorporated herein by reference to Exhibit 14.1 to the Current Report on Form 8-K of Visteon dated September 28, 2005.
15.1	Letter of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, dated November 8, 2007 relating to Financial Information.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer dated November 8, 2007.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer dated November 8, 2007.
32.1	Section 1350 Certification of Chief Executive Officer dated November 8, 2007.
32.2	Section 1350 Certification of Chief Financial Officer dated November 8, 2007.

† Portions of these exhibits have been redacted pursuant to confidential treatment requests 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 Notification Summary or 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 Notification Summary or 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 Notification Summary or 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; on the date immediately preceding the fifth anniversary of the Grant Date, for Options with a Grant Date after 2003 and prior to 2007; and on the date immediately preceding the seventh anniversary of the Grant Date, for Options with a Grant Date after 2006, 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 and prior to 2007; and the date immediately preceding the seventh anniversary of the Grant Date, for Options with a Grant Date after 2006), 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; the date immediately preceding the fifth anniversary of the Grant Date, for Options with a Grant Date after 2003 and prior to 2007; and the date immediately preceding the seventh anniversary of the Grant Date, for Options with a Grant Date after 2006), 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; the date immediately preceding the fifth anniversary of the Grant Date, for Options with a Grant Date after 2003 and prior to 2007; and the date immediately preceding the seventh anniversary of the Grant Date, for Options with a Grant Date after 2006), 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 Grant Date, for Options with a Grant Date prior to 2004; the date immediately preceding the fifth anniversary of the Grant Date, for Options with a Grant Date after 2003 and prior to 2007; and the date immediately preceding the seventh anniversary of the Grant Date, for Options with a Grant Date after 2006), 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; the date immediately preceding the fifth anniversary of the Grant Date, for Options with Grant Dates after 2003 and prior to 2007; and the date immediately preceding the seventh anniversary of the Grant Date, for Options with a Grant Date after 2006), 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. The date immediately preceding the tenth anniversary of the Grant Date, for Options with Grant Dates prior to 2004; the date immediately preceding the fifth anniversary of the Grant Date, for Options with Grant Dates after 2003 and prior to 2007; or the date immediately preceding the seventh anniversary of the Grant Date, for Options with Grant Dates after 2006;

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 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, (i) 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) providing notice to the Company (in a form acceptable to the Company) to withhold such number of Option Shares otherwise deliverable upon exercise of the Option having an aggregate Fair Market Value on the date of exercise equal to the aggregate exercise price. If the Participant lives in a foreign jurisdiction, the Committee has the right to limit the means of exercise to only the foregoing clause (ii).

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 and not surrendered.

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 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 or Option Shares deliverable 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 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 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 and Subsidiaries
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in millions)

	Nine Months Ended September 30, 2007	For the Years Ended December 31,			
		2006	2005	2004	2003
Earnings					
Income/(loss) before income taxes, minority interest, discontinued operations and change in accounting	\$ (208)	\$ (111)	\$ (173)	\$ (539)	\$ (1,194)
Earnings of non-consolidated affiliates	(34)	(33)	(25)	(45)	(55)
Cash dividends received from non-consolidated affiliates	38	24	48	42	35
Fixed charges	179	213	185	140	126
Amortization of capitalized interest, net of interest capitalized	5	6	4	1	3
Earnings	<u>\$ (20)</u>	<u>\$ 99</u>	<u>\$ 39</u>	<u>\$ (401)</u>	<u>\$ (1,085)</u>
Fixed Charges					
Interest and related charges on debt	\$ 163	\$ 190	\$ 158	\$ 109	\$ 97
Portion of rental expense representative of the interest factor	19	23	27	31	29
Fixed charges	<u>\$ 182</u>	<u>\$ 213</u>	<u>\$ 185</u>	<u>\$ 140</u>	<u>\$ 126</u>
Ratios					
Ratio of earnings to fixed charges*	N/A	N/A	N/A	N/A	N/A

* For the three months ended September 30, 2007 and years ended December 31, 2006, 2005, 2004, and 2003, fixed charges exceed earnings by \$202 million, \$114 million, \$146 million, \$541 million, and \$1,211 million, respectively, resulting in a ratio of less than one.

November 8, 2007

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated November 8, 2007 on our review of interim financial information of Visteon Corporation (the "Company") for the three and nine month periods ended September 30, 2007 and September 30, 2006 included in the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2007 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, 333-115463 and 333-145106) dated June 21, 2000, June 21, 2000, June 26, 2000, May 8, 2002, May 13, 2004 and August 3, 2007, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 8, 2007

/s/ Michael F. Johnston
 Michael F. Johnston
 Chairman and Chief Executive Officer
 (Principal Executive Officer)

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

I, William G. Quigley III, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 8, 2007

 /s/ William G. Quigley III
 William G. Quigley III
 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 Chairman and Chief Executive 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, 2007 (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 8, 2007

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, 2007 (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/ William G. Quigley III

William G. Quigley III

November 8, 2007