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

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FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2001, or

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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 or other jurisdiction of incorporation or organization)

**5500 Auto Club Drive, Dearborn, Michigan**

(Address of principal executive offices)

**38-3519512**

(I.R.S. Employer  
Identification Number)

**48126**

(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  No

**Applicable Only to Corporate Issuers:** Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of September 30, 2001, the Registrant had outstanding 130,366,044 shares of Common Stock, par value \$1.00 per share.

**Exhibit index located on page number 16.**

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## VISTEON CORPORATION AND SUBSIDIARIES

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## VISTEON CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF INCOME**  
**For the Periods Ended September 30, 2001 and 2000**  
**(in millions, except per share amounts)**

	Third Quarter		First Nine Months	
	2001	2000	2001	2000
	(unaudited)		(unaudited)	
<b>Sales</b>				
Ford and affiliates	\$3,005	\$3,675	\$10,985	\$12,722
Other customers	717	729	2,365	2,216
	3,722	4,404	13,350	14,938
<b>Costs and expenses (Notes 2 and 3)</b>				
Costs of sales	3,677	4,128	12,829	13,772
Selling, administrative and other expenses	176	183	626	552
	3,853	4,311	13,455	14,324
<b>Operating income (loss)</b>	(131)	93	(105)	614
Interest income	13	21	46	73
Interest expense	33	40	105	127
	(20)	(19)	(59)	(54)
Net interest expense	(20)	(19)	(59)	(54)
Equity in net income of affiliated companies	5	8	16	25
	(146)	82	(148)	585
<b>Income (loss) before income taxes</b>	(146)	82	(148)	585
Provision (benefit) for income taxes	(57)	27	(61)	209
	(89)	55	(87)	376
<b>Income (loss) before minority interests</b>	(89)	55	(87)	376
Minority interests in net income of subsidiaries	6	7	17	19
	\$ (95)	\$ 48	\$ (104)	\$ 357
<b>Net income (loss)</b>	\$ (95)	\$ 48	\$ (104)	\$ 357
Average number of shares of Common Stock outstanding (Note 4)	130	131	131	130
<b>Earnings (loss) and dividends per share (Note 4)</b>				
Basic and diluted	\$ (0.74)	\$ 0.37	\$ (0.80)	\$ 2.75
Cash dividends	\$ 0.06	\$ 0.06	\$ 0.18	\$ 0.06

The accompanying notes are part of the financial statements.

## VISTEON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET  
(in millions)

	September 30, 2001	December 31, 2000
	(unaudited)	
<b>Assets</b>		
Cash and cash equivalents	\$ 881	\$ 1,412
Marketable securities	97	65
	-----	-----
Total cash and marketable securities	978	1,477
Accounts receivable — Ford and affiliates	1,625	1,333
Accounts receivable — other customers	839	857
	-----	-----
Total receivables	2,464	2,190
Inventories (Note 5)	1,022	948
Deferred income taxes	194	192
Prepaid expenses and other current assets	165	198
	-----	-----
Total current assets	4,823	5,005
Equity in net assets of affiliated companies	151	142
Net property	5,451	5,497
Deferred income taxes	249	100
Other assets	546	581
	-----	-----
<b>Total assets</b>	<b>\$11,220</b>	<b>\$11,325</b>
	-----	-----
<b>Liabilities and Stockholders' Equity</b>		
Trade payables	\$ 1,869	\$ 1,949
Accrued liabilities	943	1,086
Income taxes payable	23	65
Debt payable within one year	616	622
	-----	-----
Total current liabilities	3,451	3,722
Long-term debt	1,372	1,397
Other liabilities	3,041	2,683
Deferred income taxes	18	18
	-----	-----
Total liabilities	7,882	7,820
<b>Stockholders' equity</b>		
Capital stock		
Preferred Stock, par value \$1.00, 50 million shares authorized, none outstanding	—	—
Common Stock, par value \$1.00, 500 million shares authorized, 131 million shares issued, 130 million and 131 million shares outstanding, respectively	131	131
Capital in excess of par value of stock	3,310	3,311
Accumulated other comprehensive income	(201)	(179)
Other	(28)	(12)
Earnings retained for use in business	126	254
	-----	-----
Total stockholders' equity	3,338	3,505
	-----	-----
<b>Total liabilities and stockholders' equity</b>	<b>\$11,220</b>	<b>\$11,325</b>
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The accompanying notes are part of the financial statements.

## VISTEON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Periods Ended September 30, 2001 and 2000  
(in millions)

	First Nine Months 2001	First Nine Months 2000
	(unaudited)	
<b>Cash and cash equivalents at January 1</b>	\$1,412	\$ 1,849
Cash flows provided by (used in) operating activities	62	(922)
Cash flows from investing activities		
Capital expenditures	(516)	(503)
Purchases of securities	(240)	(126)
Sales and maturities of securities	210	—
Acquisitions and investments in joint ventures, net	(5)	(30)
Other	39	(14)
Net cash used in investing activities	(512)	(673)
Cash flows from financing activities		
Cash distributions from prior owner	—	85
Commercial paper issuances, net	1	302
Payments on short-term debt	—	(1,775)
Proceeds from issuance of short-term debt	1	1,374
Proceeds from issuance of other debt	95	1,212
Principal payments on other debt	(124)	(185)
Purchase of treasury stock	(25)	—
Cash dividends	(24)	(8)
Other	2	(86)
Net cash (used in) provided by financing activities	(74)	919
Effect of exchange rate changes on cash	(7)	17
Net decrease in cash and cash equivalents	(531)	(659)
<b>Cash and cash equivalents at September 30</b>	<b>\$ 881</b>	<b>\$ 1,190</b>

The accompanying notes are part of the financial statements.

## VISTEON CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
(unaudited)

**1. Financial Statements** — The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments, including normal recurring adjustments, necessary for a fair presentation of such information. Results for interim periods should not be considered indicative of results for a full year. Reference should be made to the consolidated financial statements and accompanying notes included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, as filed with the Securities and Exchange Commission on February 27, 2001. Certain amounts for prior periods were reclassified to conform with present period presentation.

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

**2. Selected costs and expenses** are summarized as follows:

	Third Quarter		First Nine Months	
	2001	2000	2001	2000
		(in millions)		
Depreciation	\$150	\$147	\$432	\$446
Amortization	22	24	78	67
	—	—	—	—
Total	\$172	\$171	\$510	\$513
	—	—	—	—

**3. Special Charges** — During the third quarter of 2001, Visteon recorded a pre-tax charge of \$34 million related to special voluntary retirement and separation programs offered to hourly employees located at Visteon's Nashville Glass plant. This action resulted in the separation of about 245 employees during the third quarter of 2001. As of September 30, 2001, Visteon has spent or utilized about \$24 million related to this charge, which consists of amounts incurred related to special pension and other postretirement benefits, with the majority of the remaining charge expected to be spent in the fourth quarter of 2001. The pre-tax charge of \$34 million (\$21 million after-tax) is recorded in costs of sales and by the Glass Operations segment.

## VISTEON CORPORATION AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS — (Continued)

(unaudited)

**3. Special Charges — (Continued)** — During the second quarter of 2001, Visteon recorded a pre-tax charge of \$146 million related to the elimination of more than 2,000 salaried positions worldwide. About 90% of the separations were completed in the second quarter of 2001 and 5% in the third quarter of 2001. The remaining separations are expected to be completed prior to the end of 2001. In addition, Visteon recorded a pre-tax charge in the second quarter of 2001 of \$12 million related to the planned closure of two European facilities, ZEM in Poland and Wickford in the U.K., and other actions. Of the total pre-tax charges of \$158 million (\$100 million after-tax), \$81 million is recorded in selling, administrative and other expenses and \$77 million is recorded in costs of sales, and \$142 million is recorded by the Automotive Operations segment and \$16 million is recorded by the Glass Operations segment. During the third quarter of 2001, Visteon spent about \$38 million mainly for severance pay. As of September 30, 2001, Visteon has spent or utilized about \$125 million related to these charges, which includes \$70 million of cash payments, \$50 million incurred related to special pension and other postretirement benefits and \$5 million related to the non-cash write-down to fair value of certain plant assets.

Visteon recorded a pre-tax charge of approximately \$13 million (\$8 million after-tax) and \$5 million (\$3 million after-tax) in the second and third quarters of 2000, respectively, for Visteon employees that were part of special voluntary retirement and separation programs.

**4. Income (Loss) Per Share of Common Stock** — Basic income per share of common stock is calculated by dividing the income attributable to common stock by the average number of shares of common stock outstanding during the applicable period, adjusted for restricted stock. The average number of shares of restricted stock outstanding was about 1,730,000, 1,320,000, 870,000 and 310,000 for the third quarter of 2001, first nine months of 2001, third quarter of 2000 and first nine months of 2000, respectively. The calculation of diluted income per share takes into account the effect of dilutive potential common stock, such as stock options and restricted stock. For the third quarter and first nine months of 2001 potential common stock of about 697,000 and 367,000 shares, respectively, are excluded as the effect would have been antidilutive. For purposes of the earnings per share calculations, 130 million shares of common stock are treated as outstanding for periods prior to the spin-off from Ford.

**5. Inventories** are summarized as follows:

	September 30, 2001	December 31, 2000
	(in millions)	
Raw materials, work-in-process and supplies	\$ 875	\$829
Finished products	147	119
	—	—
Total inventories	\$1,022	\$948
	—	—
U.S. inventories	\$ 636	\$586

**6. Comprehensive Income (Loss)** — Other comprehensive income mainly includes foreign currency translation adjustments. Total comprehensive income is summarized as follows:

	Third Quarter		First Nine Months	
	2001	2000	2001	2000
	(in millions)			
Net income (loss)	\$(95)	\$ 48	\$(104)	\$ 357
Other comprehensive income (loss)	45	(85)	(22)	(143)
	—	—	—	—
Total comprehensive income (loss)	\$(50)	\$(37)	\$(126)	\$ 214
	—	—	—	—

## VISTEON CORPORATION AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS — (Continued)

(unaudited)

**7. Accounting Change** — Visteon adopted Statement of Financial Accounting Standards No. 133 (“SFAS 133”), “Accounting for Derivative Instruments and Hedging Activities,” on January 1, 2001. SFAS 133 (as amended by SFAS 137 and 138) establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires recognition of all derivatives as either assets or liabilities on the balance sheet and measurement of the instruments at fair value. The change in fair value of a derivative is required to be recorded each period in current earnings or other comprehensive income, depending on whether the derivative is designated as part of a hedge transaction and if so, the type of hedge transaction.

Consistent with the first and second quarters of 2001, the impact of implementing this new standard on Visteon’s results of operations and financial condition for the three and nine months ended September 30, 2001, was not material.

**8. Segment Information** — Visteon’s reportable operating segments are Automotive Operations and Glass Operations. Financial information for the reportable operating segments is summarized as follows:

	Automotive Operations	Glass Operations	Total Visteon
	(in millions)		
<b>Third Quarter</b>			
<b>2001</b>			
Sales	\$ 3,578	\$144	\$ 3,722
Income (loss) before taxes	(112)	(34)	(146)
Net income (loss)	(74)	(21)	(95)
Average assets	10,953	367	11,320
<b>2000</b>			
Sales	\$ 4,224	\$180	\$ 4,404
Income before taxes	80	2	82
Net income	46	2	48
Average assets	10,887	574	11,461
<b>First Nine Months</b>			
<b>2001</b>			
Sales	\$12,866	\$484	\$13,350
Income (loss) before taxes	(97)	(51)	(148)
Net income (loss)	(74)	(30)	(104)
Average assets	10,920	353	11,273
<b>2000</b>			
Sales	\$14,357	\$581	\$14,938
Income (loss) before taxes	603	(18)	585
Net income (loss)	367	(10)	357
Average assets	11,169	668	11,837

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders

Visteon Corporation

We have reviewed the accompanying consolidated balance sheet of Visteon Corporation and its subsidiaries as of September 30, 2001, and the related consolidated statement of income and condensed consolidated statement of cash flows for the three-month and nine-month periods ended September 30, 2001 and September 30, 2000. These financial statements are the responsibility of the company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We previously audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2000, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated January 17, 2001 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2000, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Detroit, Michigan  
October 17, 2001

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

This report contains forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Words such as "anticipate," "expect," "intend," "plan," "believe," "seek" and "estimate" signify forward-looking statements. Forward-looking statements are not guarantees of future results and conditions but rather are subject to various risks and uncertainties. Some of these risks and uncertainties are identified in our Current Report on Form 8-K filed with the Securities and Exchange Commission on February 27, 2001. The risks and uncertainties so identified are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial also may adversely affect us. Should any risks and uncertainties develop into actual events, these developments could have material adverse effects on our business, financial condition and results of operations. For these reasons, we caution you not to place undue reliance on our forward-looking statements.

The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments, including normal recurring adjustments, necessary for a fair presentation of such information. Results for interim periods should not be considered indicative of results for a full year. Reference should be made to the consolidated financial statements and accompanying notes included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, as filed with the Securities and Exchange Commission on February 27, 2001.

### **Overview**

In the third quarter of 2001 Visteon's worldwide sales were \$3.7 billion, compared with \$4.4 billion in the third quarter of 2000. Visteon reported a net loss of \$95 million in the third quarter of 2001, including restructuring costs of \$21 million after taxes. Third quarter net loss excluding restructuring costs was \$74 million, compared with net income of \$48 million in the third quarter of 2000.

In the first nine months of 2001 Visteon's worldwide sales were \$13.4 billion, compared with \$14.9 billion in the first nine months of 2000. Visteon reported a net loss of \$104 million in the first nine months of 2001, including restructuring costs of \$121 million after taxes. First nine months net income excluding restructuring costs was \$17 million, compared with net income of \$357 million in 2000.

In the third quarter of 2001, Visteon continued restructuring actions which will contribute favorably to cost reductions. In cooperation with the UAW, Visteon implemented certain actions at its Nashville Glass plant, primarily exiting most glass tempering operations and insourcing certain windshield production. Associated with the restructuring actions, Visteon recorded a pre-tax charge of \$34 million (\$21 million after taxes) related to the separation of about 245 hourly employees at the Nashville Glass plant under special voluntary retirement and separation programs in the third quarter of 2001.

In the second quarter of 2001, restructuring actions included the implementation of a new corporate structure, which included the elimination of more than 2,000 salaried positions worldwide, and announcement of the closure of two European facilities and consolidation of the work to other Visteon facilities. As a result of these actions, Visteon recorded a pre-tax charge of \$158 million (\$100 million after taxes), of which \$146 million (\$92 million after taxes) is associated with the salaried restructuring and \$12 million (\$8 million after taxes) related primarily to the closure of two European facilities. Relating to the salaried restructuring, about 90% of the salaried separations were completed in the second quarter of 2001, 5% were completed in the third quarter of 2001, and the remaining 5% are expected to be completed prior to the end of 2001.

We expect an average payback of a little more than a year for restructuring charges recorded to date in 2001.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND****RESULTS OF OPERATIONS — (Continued)****Results of Operations****Third Quarter 2001 Compared with Third Quarter 2000**

The following table shows sales attributable to each of our segments for the periods indicated:

	Third Quarter		2001
	2001	2000	(Under) 2000
	(in millions)		
Automotive Operations	\$3,578	\$4,224	\$(646)
Glass Operations	144	180	(36)
Total sales	\$3,722	\$4,404	\$(682)

Sales for Automotive Operations were \$3.6 billion, compared with \$4.2 billion in the third quarter of 2000, a decrease of \$646 million. Sales for Glass Operations were \$144 million in the third quarter of 2001, compared with \$180 million in the third quarter of 2000, a decline of \$36 million. The decrease in sales for Automotive Operations reflects primarily year-over-year reductions in customer production volumes in North America, annual price reductions granted to our customers and unfavorable currency factors. Sales realized from new business with Ford and other customers were a partial offset. The decrease in sales for our Glass Operations segment reflects primarily lower North American customer production volumes.

The following table shows net income (loss) for each of our segments for the periods indicated:

	Third Quarter		2001
	2001	2000	(Under) 2000
	(in millions)		
Automotive Operations	\$(74)	\$ 46	\$(120)
Glass Operations	(21)	2	(23)
Total net income (loss)	\$(95)	\$ 48	\$(143)

Net loss for Automotive Operations was \$74 million in the third quarter of 2001, compared with net income of \$46 million in the third quarter of 2000. Net loss for Glass Operations was \$21 million in the third quarter of 2001, a decrease of \$23 million compared with the third quarter of 2000. Third quarter 2001 results included after-tax restructuring costs of \$21 million for Glass Operations. The decrease in net income for Automotive Operations reflected primarily lower customer production in North America and customer price reductions, offset partially by cost reductions. The loss for our Glass Operations segment reflects restructuring costs and lower production volumes, offset partially by cost reductions from improved operating efficiencies and restructuring savings.

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

**First Nine Months 2001 Compared with First Nine Months 2000**

The following table shows sales attributable to each of our segments for the first nine months of 2001 and 2000:

	First Nine Months		2001 (Under) 2000
	2001	2000	
	(in millions)		
Automotive Operations	\$12,866	\$14,357	\$(1,491)
Glass Operations	484	581	(97)
	\$13,350	\$14,938	\$(1,588)

Sales for our Automotive Operations segment were \$12.9 billion, compared with \$14.4 billion in the first nine months of 2000, a decrease of \$1.5 billion. Glass Operations sales were \$484 million in the first nine months of 2001, compared with \$581 million in the first nine months of 2000, a decline of \$97 million. The decrease in sales for Automotive Operations reflects primarily year-over-year reductions in customer production volumes in North America, annual price reductions granted to our customers and unfavorable currency factors. Sales realized from new business were a partial offset. The decrease in sales for our Glass Operations segment reflects primarily lower North American customer production volumes and annual price reductions granted to our customers.

The following table shows net income (loss) for each of our segments for the first nine months of 2001 and 2000:

	First Nine Months		2001 (Under) 2000
	2001	2000	
	(in millions)		
Automotive Operations	\$ (74)	\$367	\$(441)
Glass Operations	(30)	(10)	(20)
	\$(104)	\$357	\$(461)

Automotive Operations net loss in the first nine months of 2001 was \$74 million, compared with net income of \$367 million in the first nine months of 2000. Net loss for Glass Operations was \$30 million in the first nine months of 2001, reflecting a decrease of \$20 million compared with the first nine months of 2000. First nine months of 2001 results include after-tax restructuring costs of \$90 million and \$31 million for Automotive Operations and Glass Operations, respectively. The decrease in net income for Automotive Operations was primarily the result of lower customer production in North America, customer price reductions and restructuring costs, offset partially by cost reductions. The increase in the net loss for our Glass Operations segment reflects restructuring costs, decreased customer production volumes and annual price reductions granted to our customers, offset partially by improved operating efficiencies and restructuring savings.

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

### RESULTS OF OPERATIONS — (Continued)

#### Liquidity and Capital Resources

Our balance sheet reflects cash and marketable securities of \$1 billion and total debt of \$2 billion at September 30, 2001, and total cash and marketable securities of \$1.5 billion and total debt of \$2 billion at December 31, 2000. Our net debt, defined as the amount that total debt exceeds total cash and marketable securities, was \$1 billion at September 30, 2001, and \$0.5 billion at December 31, 2000. The change in our cash and marketable securities and net debt reflects primarily an increase in trade working capital levels and payments related to announced restructuring actions.

Our ratio of total debt to total capital, which consists of total debt plus total stockholders' equity, was 37% at September 30, 2001, unchanged from the December 31, 2000 level.

We have a commercial paper program providing up to \$2 billion of borrowing ability. In June 2001, we renewed our financing arrangements with third-party lenders that provide \$2 billion of contractually committed, unsecured revolving credit facilities. The financing arrangements are a 364-day revolving credit line and a long-term revolving credit line providing funding until June 2006. Any borrowings under the revolving credit facilities would bear interest based on a variable interest rate option selected at the time of borrowing. We intend to use the commercial paper program as our primary short-term financing source and do not intend to exceed \$2 billion of aggregate borrowing under the commercial paper program and revolving credit facilities. As of September 30, 2001, the outstanding balance under our commercial paper program was \$354 million; we had no borrowings under our revolving credit facilities.

We expect cash flow from operations and borrowings, and from available liquidity, to fund requirements for working capital, capital expenditures, research and development, pension funding, dividends and debt service for at least the next year.

#### Cash Flows

##### *Operating Activities*

Cash provided by operating activities during the first nine months of 2001 totaled \$62 million, compared with cash used by operating activities of \$922 million for the same period in 2000. Cash provided by operating activities in the first nine months of 2001 reflected primarily profits from operations before depreciation and amortization, offset partially by changes in working capital and payments related to announced restructuring actions. Net cash used in operating activities during the first nine months of 2000 was caused primarily by changes in receivables, payables and other working capital items resulting primarily from effects associated with our spin-off from Ford, including payments totaling about \$570 million to Ford to prepay certain healthcare costs for active employees.

##### *Investing Activities*

Cash used in investing activities was \$512 million during the first nine months of 2001, compared with \$673 million for the same period in 2000, reflecting primarily capital expenditures. Our capital expenditures were \$516 million during the first nine months of 2001, and are in line with expected full year capital expenditures of about \$800 million in 2001.

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

### RESULTS OF OPERATIONS — (Continued)

#### *Financing Activities*

Cash used in financing activities totaled \$74 million in the first nine months of 2001, compared with cash provided by financing activities of \$919 million in the first nine months of 2000. For the first nine months of 2001, cash used in financing activities reflects primarily repayments of debt, the purchase of common stock related to stock awards granted under the company's compensation plans and dividends. For the first nine months of 2000, cash provided by financing activities reflects primarily proceeds from issuances of commercial paper and proceeds from our offering of unsecured term debt securities. The proceeds of our term debt offering were used to repay the amount previously outstanding under an unsecured financing arrangement. In addition, we made a scheduled payment to Ford of \$100 million during the third quarter of 2000, as part of our separation arrangements.

On October 10, 2001, the Visteon Board of Directors declared a dividend of \$0.06 per share on the company's common stock, payable on December 3, 2001, to the stockholders of record as of November 2, 2001. The dividend of \$0.06 per share declared by the Visteon Board of Directors on July 11, 2001, was paid on September 4, 2001.

#### **Quantitative and Qualitative Disclosures About Market Risk**

There are no known material changes to our exposures to foreign currency or commodity risks at this time.

#### *Interest Rate Risk*

Subsequent to September 30, 2001, the company entered into interest rate swaps to manage its interest rate risk. As a result of these swaps, approximately one-half of the company's borrowings are on a fixed rate basis, with the balance on a variable rate basis, subject to changes in short term interest rates.

#### **New Accounting Standards**

Visteon adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," on January 1, 2001. SFAS 133 (as amended by SFAS 137 and 138) establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires recognition of all derivatives as either assets or liabilities on the balance sheet and measurement of the instruments at fair value. Consistent with the first and second quarters of 2001, the impact of implementing this new standard on Visteon's results of operations and financial condition for the three and nine months ended September 30, 2001, was not material.

Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets," was issued by the Financial Accounting Standards Board in July 2001. SFAS 142 establishes a new accounting standard for goodwill acquired in a business combination. SFAS 142 would continue to require recognition of goodwill as an asset but would no longer permit amortization of goodwill. In addition, SFAS 142 establishes a new method of testing goodwill for impairment by using a fair-value based approach. Under this statement, existing intangible assets will be evaluated for possible impairment on the date of transition and periodically, thereafter. In accordance with the transition provisions of SFAS 142, goodwill related to acquisitions made prior to June 30, 2001, shall no longer be amortized starting in the first quarter of 2002. Total goodwill included in other assets, net of accumulated amortization, was \$369 million at September 30, 2001. Amortization expense related to goodwill for the first nine months of 2001 was about \$17 million. We have not yet determined the effect of adopting SFAS 142 on Visteon's results of operations and financial condition.

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

### RESULTS OF OPERATIONS — (Continued)

Statement of Financial Accounting Standards No. 143 ("SFAS 143"), "Accounting for Asset Retirement Obligations," was issued by the Financial Accounting Standards Board in August 2001. SFAS 143 addresses financial reporting and accounting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement cost. SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. This statement is required to be adopted by January 1, 2003. We have not yet determined the effect of adopting SFAS 143 on Visteon's results of operations and financial condition.

Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued by the Financial Accounting Standards Board in August 2001. SFAS 144 addresses financial reporting and accounting for the impairment or disposal of long-lived assets. SFAS 144 supersedes Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and certain provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS 144 establishes a single accounting model, based on the framework established in SFAS 121, for long-lived assets to be disposed of by sale, and resolves certain implementation issues related to SFAS 121. SFAS 144 removes goodwill from SFAS 121's scope and establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities. SFAS 144 also expands the scope of activities that will require discontinued operations reporting. This statement is required to be adopted by January 1, 2002. We have not yet determined the effect of adopting SFAS 144 on Visteon's results of operations and financial condition.

#### Other Financial Information

Under terms of the supply agreement and related pricing letter we have entered into with Ford Motor Company ("Ford"), we have agreed to provide them with productivity price adjustments for 2001, 2002 and 2003 that reflect competitive price reductions obtained each year by Ford from its other Tier 1 suppliers. This price adjustment will be calculated using baskets of products composed of identical or substantially similar products as those manufactured by Visteon which Ford purchases from other suppliers. The adjustment for 2001 is scheduled to be finalized in the fourth quarter of this year. At the same time Visteon and Ford are conducting the market basket review, we are also working with Ford to settle certain other commercial matters. Ford and we have committed to resolve these matters promptly. Although the outcome of these matters is not fully predictable, we believe our established reserves are adequate. The final amounts, however, could differ materially from the recorded estimates.

PricewaterhouseCoopers LLP, our independent accountants, performed a limited review of the financial data presented on pages 1 through 6 inclusive. The review was performed in accordance with standards for such reviews established by the American Institute of Certified Public Accountants. 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 1933 Act and the independent accountant's liability under Section 11 does not extend to it.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

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

### **ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

#### (a) Exhibits

Please refer to the Exhibit Index on Page 16.

#### (b) Reports on Form 8-K

The Registrant filed the following Current Reports on Form 8-K during the quarter ended September 30, 2001:

Current Report on Form 8-K dated July 3, 2001, included information relating to our new reporting segments.

Current Report on Form 8-K dated July 11, 2001, included information relating to the declaration of a cash dividend.

Current Report on Form 8-K dated July 11, 2001, included information relating to the appointment of a new corporate officer.

Current Report on Form 8-K dated July 20, 2001, included information relating to our second quarter 2001 results.

Current Report on Form 8-K dated September 18, 2001, included information relating to our expected third quarter 2001 results.

**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/ PHILIP G. PFEFFERLE

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Philip G. Pfefferle  
Vice President, Controller and  
Chief Accounting Officer  
(Principal Accounting Officer)

Date: November 14, 2001

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Exhibit Name</b>
3.1	Amended and Restated Certificate of Incorporation (1)
3.2	By-laws as amended through July 11, 2001
4.1	Indenture dated as of June 23, 2000 with Bank One Trust Company, N.A., as Trustee (2)
4.2	Form of Visteon Common Stock Certificate (3)
10.1	Master Transfer Agreement (4)
10.2	Purchase and Supply Agreement (4)
10.3	Letter Relating to Price Reductions (4)
10.4	Master Separation Agreement (5)
10.5	Aftermarket Relationship Agreement (3)
10.6	Hourly Employee Assignment Agreement (3)
10.7	Employee Transition Agreement (3)
10.8	Tax Sharing Agreement (4)
10.9	2000 Incentive Plan (6)
10.10	Form of Revised Change in Control Agreement (7)
10.11	Issuing and Paying Agency Agreement (1)
10.12	Master Note (1)
10.13	Letter Loan Agreement (1)
10.14	Deferred Compensation Plan for Non-Employee Directors (7)
10.15	Restricted Stock Plan for Non-Employee Directors (8)
10.16	Deferred Compensation Plan (7)
10.17	Form of Savings Parity Plan (7)
10.18	Form of Pension Parity Plan (7)
10.19	Form of Supplemental Executive Retirement Plan (7)
12.1	Statement re: Computation of Ratios
15.1	Letter of PricewaterhouseCoopers LLP, Independent Accountants, dated November 14, 2001, relating to Financial Information

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(1) Incorporated by reference to the exhibit of the same name filed with Visteon's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000, filed July 24, 2000 (File No. 001-15827).

(2) Incorporated by reference to exhibit 4.1 filed with Visteon's Current Report on Form 8-K, dated July 31, 2000, filed August 16, 2000 (File No. 001-15827).

(3) Incorporated by reference to the exhibit of the same name filed with Amendment No. 1 to Visteon's Registration Statement on Form 10, filed May 19, 2000 (File No. 001-15827).

(4) Incorporated by reference to the exhibit of the same name filed with Visteon's Registration Statement on Form S-1, filed June 2, 2000 (File No. 333-38388).

(5) Incorporated by reference to the exhibit of the same name filed with Amendment No. 1 to Visteon's Registration Statement on Form S-1, filed June 6, 2000 (Registration No. 333-38388).

(6) Incorporated by reference to Appendix E of Visteon's 2001 Proxy Statement, filed on March 26, 2001 (File No. 001-15827).

(7) Incorporated by reference to the exhibit of the same name filed with Visteon's Annual Report on Form 10-K, filed on February 27, 2001 (File No. 001-15827).

(8) Incorporated by reference to Appendix F of Visteon's 2001 Proxy Statement, filed on March 26, 2001 (File No. 001-15827).

AMENDED AND RESTATED  
BY-LAWS  
of  
VISTEON CORPORATION  
A Delaware Corporation  
  
As of July 11, 2001

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AMENDED AND RESTATED  
BY-LAWS  
OF  
VISTEON CORPORATION  
(hereinafter called the "Corporation")

ARTICLE I  
OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II  
MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The annual meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect directors,

and transact such other business as may properly be brought before the meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 3. Special Meetings. Unless otherwise prescribed by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the "Certificate of Incorporation"), special meetings of stockholders, for any purpose or purposes, may be called by either (i) the Chairman of the Board of Directors, (ii) the President, or (iii) the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. At a special meeting of the stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 4. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting

from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting not less than ten nor more than sixty days before the date of the meeting.

Section 5. Proxies. Any stockholder entitled to vote may do so in person or by his or her proxy appointed by an instrument in writing subscribed by such stockholder or by his or her attorney thereunto authorized, delivered to the Secretary of the meeting; provided, however, that no proxy shall be voted or acted upon after three years from its date, unless said proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for him or her as proxy, either of the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for him or her as proxy. Execution may be accomplished by the stockholder or his or her authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for him or her as proxy by transmitting or authorizing the transmission of a telegram or other means of electronic transmission to the person who will be the holder of the proxy or to a

proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram or other electronic transmission was authorized by the stockholder.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 6. Voting. At all meetings of the stockholders at which a quorum is present, except as otherwise required by law, the Certificate of Incorporation or these By-Laws, any question brought before any meeting of stockholders shall be decided by the affirmative vote of the holders of a majority of the total number of votes of the capital stock present in person or represented by proxy and entitled to vote on such question, voting as a single class. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his or her discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 7. Nature of Business at Meetings of Stockholders. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of

Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the Company (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 7 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 7.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company not less than one hundred twenty (120) days prior to the anniversary date of the Company's proxy statement released to stockholders in connection with the previous year's Annual Meeting of stockholders, except that if no Annual Meeting of stockholders was held in the previous year or if the date of the Annual Meeting has been changed by more than thirty (30) days from the anniversary date of the previous year's meeting, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief

description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 7, provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 7 shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 8. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the

examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 9. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 8 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 10. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall not be more than sixty nor less than ten days before the date of such meeting; and (2) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which

notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (2) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 11. Inspectors of Election. In advance of any meeting of stockholders, the Board by resolution or the Chairman or President shall appoint one or more inspectors of election to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is present, ready and willing to act at a meeting of stockholders, the Chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law.

### ARTICLE III

#### DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than one nor more than fifteen members, the exact number of which shall be

determined from time to time by resolution adopted by the Board of Directors. Except as provided in Section 3 of this Article III, directors shall be elected by the stockholders at the annual meetings of stockholders, and each director so elected shall hold office until such director's successor is duly elected and qualified, or until such director's death, or until such director's earlier resignation or removal. Directors need not be stockholders.

Section 2. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Company (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 2.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company as provided in Section 7 of Article II.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Section 2. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 3. Vacancies. Subject to the terms of any one or more classes or series of preferred stock, any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Notwithstanding the foregoing, whenever the holders of any one or more class or classes or series of preferred stock of the Corporation shall have the right, voting separately as a class, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the Certificate of Incorporation.

Section 4. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 5. Organization. At each meeting of the Board of Directors, the Chairman of the Board of Directors, or, in his or her absence, a director chosen by a majority of the directors present, shall act as Chairman. The Secretary of the Corporation shall act as Secretary at each meeting of the Board of Directors. In case the Secretary shall be absent from

any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of Secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the Chairman of the meeting may appoint any person to act as Secretary of the meeting.

Section 6. Resignations and Removals of Directors. Any director of the Corporation may resign at any time, by giving written notice to the Chairman of the Board of Directors, the President or the Secretary of the Corporation. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time, but only for cause, and only by the affirmative vote of the holders of at least a majority in voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors.

Section 7. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held at such time and at such place as may from time to time be determined by the Board of Directors and, unless required by resolution of the Board of Directors, without notice. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, the Vice Chairman, if there be one, or a majority of the directors then in office. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the

meeting, by telephone, facsimile or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 8. Quorum. Except as may be otherwise required by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 9. Actions of Board. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 10. Meetings by Means of Conference Telephone. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in

the meeting can hear each other, and participation in a meeting pursuant to this Section 10 shall constitute presence in person at such meeting.

Section 11. Committees. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 12. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary, or such other emoluments as the Board of Directors shall from time to time determine. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 13. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because such person's or their votes are counted for such purpose if (i) the material facts as to such person's or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to such person's or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

## ARTICLE IV

### OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors at its meeting held on the date of each Annual Meeting of Stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own

securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. Except where by law the signature of the President is required, the Chairman of the Board of Directors shall possess the same power as the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these By-Laws or by the Board of Directors.

Section 5. President. The President shall, subject to the control of the Board of Directors and, if there be one, the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the

stockholders and the Board of Directors. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these By-Laws or by the Board of Directors.

Section 6. Vice Presidents. At the request of the President or in his or her absence or in the event of his or her inability or refusal to act (and if there be no Chairman of the Board of Directors), the Vice President or the Vice Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be

no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the

Treasurer's possession or under control of the Treasurer belonging to the Corporation.

Section 9. Assistant Secretaries. Except as may be otherwise provided in these By-Laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his or her disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under control of the Assistant Treasurer belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

## ARTICLE V

### STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation, (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such holder of stock in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost, Destroyed, Stolen or Mutilated Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such person's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may

direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; provided, however, that such surrender and endorsement or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. Every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

Section 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

## ARTICLE VI

### NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, facsimile, telex or cable.

#### Section 2. Waivers of Notice.

(a) Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting, present by person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

(b) Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws.

## ARTICLE VII

### GENERAL PROVISIONS

Section 1. Dividends. Subject to the requirements of the GCL and the provisions of the Certificate of Incorporation, dividends upon the capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting of the Board of Directors, and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any other proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

## ARTICLE VIII

### INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings Other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was a director, officer or employee of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was a director, officer or employee of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by a majority vote of the directors who are not parties to such action, suit or

proceeding, even though less than a quorum, or (ii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director, officer or employee of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director, officer or employee may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director, officer or employee is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director, officer or employee seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director, officer or employee in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director, officer or employee to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation or any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the GCL, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the Corporation, or is or was a director, officer or employee of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers or employees, so that any person who is or was a director, officer or employee of such constituent corporation, or is or was a director, officer or employee of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director, officer or employee (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to agents of the Corporation similar to those conferred in this Article VIII to directors, officers and employees of the Corporation.

## ARTICLE IX

### AMENDMENTS

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the Board of Directors or by the stockholders as provided in the Certificate of Incorporation.

Section 2. Entire Board of Directors. As used in this Article IX and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

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

	Nine Months 2001	For the Years Ended December 31,				
		2000	1999	1998	1997	1996
<b>Earnings</b>						
Income before income taxes	\$ (148)	\$ 439	\$ 1,172	\$ 1,116	\$ 815	\$ 604
Equity in net (income)/loss of affiliates plus dividends from affiliates	(4)	(39)	(23)	(9)	(13)	(31)
Adjusted fixed charges a/	137	212	172	104	98	90
<b>Earnings</b>	<b>\$ (15)</b>	<b>\$ 612</b>	<b>\$ 1,321</b>	<b>\$ 1,211</b>	<b>\$ 900</b>	<b>\$ 663</b>
<b>Fixed Charges</b>						
Interest expense b/	\$ 112	\$ 176	\$ 149	\$ 86	\$ 94	\$ 79
Interest portion of rental expense c/	27	39	24	17	12	7
<b>Fixed charges</b>	<b>\$ 139</b>	<b>\$ 215</b>	<b>\$ 173</b>	<b>\$ 103</b>	<b>\$ 106</b>	<b>\$ 86</b>
<b>Ratios</b>						
Ratios of earnings to fixed charges d/	N/A	2.8	7.6	11.8	8.5	7.7

a/ Fixed charges, as shown below, adjusted to exclude the amount of interest capitalized during the period.

b/ Includes interest, whether expensed or capitalized, and amortization of debt issuance expense and discount or premium relating to any indebtedness.

c/ One-third of all rental expense is deemed to be interest.

d/ For the nine months ended September 30, 2001, fixed charges exceeded earnings by \$154 million, resulting in a ratio of less than one.

November 14, 2001

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

Commissioners:

We are aware that our report dated October 17, 2001 on our review of interim financial information of Visteon Corporation (the "Company") as of and for the period ended September 30, 2001 and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in its Registration Statements on Form S-3 (No. 333-40034) and Form S-8 (Nos. 333-39756, 333-39758, and 333-40202).

Very truly yours,

PricewaterhouseCoopers LLP