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

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended September 30, 2009, or**

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

**For the transition period from to**

**Commission File Number 1-15827**

# VISTEON CORPORATION

*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Delaware**<br>(State of incorporation) | **38-3519512**<br>(I.R.S. employer Identification number) |
| **One Village Center Drive, Van Buren Township, Michigan**<br>(Address of principal executive offices) | **48111**<br>(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 ü No____

Indicate by check mark whether the registrant: has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes____ No____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ____ Accelerated Filer ____ Non-Accelerated Filer ____ Smaller Reporting Company ü
(Do not check if a smaller reporting company)

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

As of October 23, 2009, the Registrant had outstanding 130,334,131 shares of common stock, par value $1.00 per share.

**Exhibit index located on page number 63.**

**VISTEON CORPORATION AND SUBSIDIARIES**
**FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2009**

**INDEX**

## PART I

## FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

### VISTEON CORPORATION AND SUBSIDIARIES
### (DEBTOR-IN-POSSESSION)
### CONSOLIDATED STATEMENTS OF OPERATIONS
### (Unaudited)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions, Except Per Share Data) | | | |
| Net sales | | | | |
| Products | $ 1,672 | $ 2,010 | $ 4,449 | $ 7,530 |
| Services | 61 | 110 | 205 | 361 |
| | 1,733 | 2,120 | 4,654 | 7,891 |
| Cost of sales | | | | |
| Products | 1,557 | 1,968 | 4,211 | 7,064 |
| Services | 60 | 109 | 202 | 358 |
| | 1,617 | 2,077 | 4,413 | 7,422 |
| **Gross margin** | 116 | 43 | 241 | 469 |
| Selling, general and administrative expenses | 95 | 138 | 300 | 442 |
| Restructuring expenses | 27 | 42 | 72 | 117 |
| Reimbursement from escrow and accommodation agreements | 4 | 39 | 66 | 81 |
| Reorganization items | 23 | — | 30 | — |
| Deconsolidation gain | — | — | 95 | — |
| Asset impairments and loss on divestitures | — | 19 | — | 70 |
| **Operating loss** | (25) | (117) | — | (79) |
| Interest expense | 8 | 48 | 110 | 160 |
| Interest income | 2 | 10 | 8 | 38 |
| Equity in net income of non-consolidated affiliates | 26 | 5 | 52 | 35 |
| **Loss before income taxes** | (5) | (150) | (50) | (166) |
| Provision for income taxes | 18 | 31 | 63 | 131 |
| **Net loss** | (23) | (181) | (113) | (297) |
| Net income attributable to noncontrolling interests | 15 | 7 | 35 | 38 |
| **Net loss attributable to Visteon Corporation** | $ (38) | $ (188) | $ (148) | $ (335) |
| **Per Share Data:** | | | | |
| Net loss per share attributable to Visteon Corporation | $ (0.29) | $ (1.45) | $ (1.14) | $ (2.59) |

See accompanying notes to the consolidated financial statements.

# VISTEON CORPORATION AND SUBSIDIARIES
## (DEBTOR-IN-POSSESSION)
## CONSOLIDATED BALANCE SHEETS

| | (Unaudited) September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| **ASSETS** | | |
| Cash and equivalents | $ 712 | $ 1,180 |
| Restricted cash | 102 | — |
| Accounts receivable, net | 1,126 | 989 |
| Inventories, net | 360 | 354 |
| Other current assets | 224 | 249 |
| **Total current assets** | 2,524 | 2,772 |
| Property and equipment, net | 2,039 | 2,162 |
| Equity in net assets of non-consolidated affiliates | 266 | 220 |
| Other non-current assets | 78 | 94 |
| **Total assets** | $ 4,907 | $ 5,248 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | | |
| Short-term debt, including current portion of long-term debt and debt in default | $ 136 | $ 2,697 |
| Accounts payable | 952 | 1,058 |
| Accrued employee liabilities | 159 | 228 |
| Other current liabilities | 262 | 288 |
| **Total current liabilities** | 1,509 | 4,271 |
| Long-term debt | 66 | 65 |
| Employee benefits | 416 | 1,031 |
| Deferred income taxes | 149 | 139 |
| Other non-current liabilities | 340 | 365 |
| Liabilities subject to compromise | 3,126 | — |
| Shareholders' deficit: | | |
| Preferred stock (par value $1.00, 50 million shares authorized, none outstanding) | — | — |
| Common stock (par value $1.00, 500 million shares authorized, 131 million shares issued, 130 million and 131 million shares outstanding, respectively) | 131 | 131 |
| Stock warrants | 127 | 127 |
| Additional paid-in capital | 3,407 | 3,407 |
| Accumulated deficit | (4,852) | (4,704) |
| Accumulated other comprehensive income | 201 | 157 |
| Other | (5) | (5) |
| Total Visteon Corporation shareholders' deficit | (991) | (887) |
| Noncontrolling interests | 292 | 264 |
| **Total shareholders' deficit** | (699) | (623) |
| **Total liabilities and shareholders' deficit** | $ 4,907 | $ 5,248 |

See accompanying notes to the consolidated financial statements.

**VISTEON CORPORATION AND SUBSIDIARIES**
**(DEBTOR-IN-POSSESSION)**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | Nine Months Ended September 30 | |
|---|---|---|
| | 2009 | 2008 |
| | (Dollars in Millions) | |
| **Operating activities** | | |
| Net loss | $ (113) | $ (297) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Depreciation and amortization | 255 | 327 |
| Deconsolidation gain | (95) | — |
| Asset impairments and loss on divestitures | — | 70 |
| Gain (loss) on asset sales | 1 | (15) |
| Equity in net income of non-consolidated affiliates, net of dividends remitted | (46) | (30) |
| Reorganization items | 30 | — |
| Other non-cash items | (18) | (43) |
| Changes in assets and liabilities: | | |
| Accounts receivable | (142) | 204 |
| Inventories | 6 | (16) |
| Accounts payable | 50 | (259) |
| Other assets and liabilities | (79) | (94) |
| Net cash used by operating activities | (151) | (153) |
| **Investing activities** | | |
| Capital expenditures | (87) | (230) |
| Cash associated with deconsolidation | (11) | — |
| Proceeds from divestitures and asset sales | 5 | 65 |
| Other | — | 5 |
| Net cash used by investing activities | (93) | (160) |
| **Financing activities** | | |
| Short-term debt, net | (24) | 24 |
| Cash restriction | (102) | — |
| Proceeds from issuance of debt, net of issuance costs | 56 | 185 |
| Principal payments on debt | (119) | (78) |
| Repurchase of unsecured debt securities | — | (337) |
| Other, including overdrafts | (56) | (62) |
| Net cash used by financing activities | (245) | (268) |
| Effect of exchange rate changes on cash | 21 | (44) |
| Net decrease in cash and equivalents | (468) | (625) |
| **Cash and equivalents at beginning of year** | 1,180 | 1,758 |
| **Cash and equivalents at end of period** | $ 712 | $ 1,133 |

See accompanying notes to the consolidated financial statements.

**VISTEON CORPORATION AND SUBSIDIARIES**
**(DEBTOR-IN-POSSESSION)**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

### NOTE 1. Description of Business and Company Background

Visteon Corporation (the “Company” or “Visteon”) is a leading global supplier of climate, interiors and electronics systems, modules and components to global automotive original equipment manufacturers (“OEMs”). Headquartered in Van Buren Township, Michigan, Visteon has a workforce of approximately 30,000 employees and a network of manufacturing operations, technical centers, sales offices and joint ventures in every major geographic region of the world.

*Reorganization under Chapter 11 of the U.S. Bankruptcy Code*

On May 28, 2009 (the “Petition Date”), Visteon and certain of its U.S. subsidiaries (the “Debtors”) filed voluntary petitions for reorganization relief under chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”). The reorganization cases are being jointly administered as Case No. 09-11786 under the caption “In re Visteon Corporation, et al” (hereinafter referred to as the “Chapter 11 Proceedings”). The Debtors continue to operate their businesses as “debtors-in-possession” (“DIP”) under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Court. The Company’s other subsidiaries, primarily non-U.S. subsidiaries, have been excluded from the Chapter 11 Proceedings and continue to operate their businesses without supervision from the Court and are not subject to the requirements of the Bankruptcy Code.

The Chapter 11 Proceedings were initiated in response to sudden and severe declines in global automotive production during the latter part of 2008 and early 2009 and the adverse impact on the Company’s cash flows and liquidity. Under the Chapter 11 Proceedings, the Debtors expect to develop and implement a plan to restructure their capital structure to reflect the current automotive industry demand. Additional details regarding the status of the Company’s Chapter 11 Proceedings are included herein under Note 4, “Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code,” to the consolidated financial statements.

*Visteon UK Limited Administration*

On March 31, 2009, in accordance with the provisions of the United Kingdom Insolvency Act of 1986 and pursuant to a resolution of the board of directors of Visteon UK Limited, a company organized under the laws of England and Wales (the “UK Debtor”) and an indirect, wholly-owned subsidiary of the Company, representatives from KPMG (the “Administrators”) were appointed as administrators in respect of the UK Debtor (the “UK Administration”). The UK Administration was initiated in response to continuing operating losses of the UK Debtor and mounting labor costs and their related demand on the Company’s cash flows, and does not include the Company or any of the Company’s other subsidiaries. The effect of the UK Debtor’s entry into administration was to place the management, affairs, business and property of the UK Debtor under the direct control of the Administrators. Since their appointment, the Administrators have wound down the business of UK Debtor and closed its operations in Enfield, UK, Basildon, UK and Belfast, UK, and made the employees redundant. The Administrators continue to realize the UK Debtor’s assets, comprised mainly of receivables.

**NOTE 1. Description of Business and Company Background — (Continued)**

The UK Debtor recorded sales, negative gross margin and net loss of $32 million, $7 million and $10 million, respectively, for the three months ended March 31, 2009. As of March 31, 2009 total assets of $64 million, total liabilities of $132 million and related amounts deferred as "Accumulated other comprehensive income" of $84 million, were deconsolidated from the Company's balance sheet resulting in a deconsolidation gain of $152 million. The Company also recorded $57 million for contingent liabilities related to the UK Administration, including $45 million of costs associated with former employees of the UK Debtor, for which the Company was reimbursed from the escrow account on a 100% basis.

Additional amounts related to these items or other contingent liabilities for potential claims under the UK Administration, which may result from (i) negotiations; (ii) actions of the Administrators; (iii) resolution of contractual arrangements, including unexpired leases; (iv) material adverse developments; or other events, may be recorded in future periods. No assurance can be provided that the Company will not be subject to future litigation and/or liabilities related to the UK Administration. Additional liabilities, if any, will be recorded when they become probable and estimable and could materially affect the Company's results of operations and financial condition in future periods.

*Transactions with Ford Motor Company*

The Company transacts a significant amount of commercial activity with Ford Motor Company ("Ford"). The financial statement impact of these commercial activities is summarized in the table below.

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | |
| **Net Sales** | | | | |
| Products | $ 443 | $ 643 | $ 1,269 | $ 2,631 |
| Services | $ 61 | $ 106 | $ 205 | $ 347 |

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Accounts receivable, net | $ 233 | $ 174 |
| Postretirement employee benefits | $ — | $ 113 |
| Liabilities subject to compromise | $ 229 | $ — |

On May 13, 2009, the Company entered into certain transactions whereby Ford purchased, assumed and took an assignment of all of the outstanding loans, obligations and other interests of the lenders under the ABL Credit Agreement. As of September 30, 2009, the balance owed to Ford under the ABL Credit Agreement was approximately $110 million, including $21 million related to unreimbursed draws on letters of credit. Additionally, as of September 30, 2009 there was approximately $35 million outstanding on undrawn letters of credit.

**NOTE 2. Basis of Presentation**

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

**NOTE 2. Basis of Presentation — (Continued)**

These interim consolidated financial statements include all adjustments (consisting of normal recurring adjustments, except as otherwise disclosed) that management believes are necessary for a fair presentation of the results of operations, financial position and cash flows of the Company for the interim periods presented. The Company's management believes that the disclosures are adequate to make the information presented not misleading when read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as filed with the SEC. Interim results are not necessarily indicative of full year results.

*Financial Statement Presentation:* The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and on a going concern basis, which contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business. However, as a result of the Chapter 11 Proceedings, such realization of assets and liquidation of liabilities, without substantial adjustments to amounts and/or changes of ownership, is highly uncertain.

The appropriateness of using the going concern basis for the Company's financial statements is dependent upon, among other things, the Company's ability to: (i) obtain sufficient DIP financing; (ii) comply with various orders entered by the Court in connection with the Chapter 11 Proceedings; (ii) maintain adequate cash on hand; (iii) generate sufficient cash from operations; (iv) achieve confirmation of a plan of reorganization under the Bankruptcy Code; and (v) achieve profitability following such confirmation.

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

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

*Principles of Consolidation:* The consolidated financial statements include the accounts of the Company and all subsidiaries that are more than 50% owned and over which the Company exercises control. Investments in affiliates of greater than 20% and for which the Company does not exercise control are accounted for using the equity method. The consolidated financial statements also include the accounts of certain entities in which the Company holds a controlling interest based on exposure to economic risks and potential rewards (variable interests) for which it is the primary beneficiary.

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

**NOTE 2. Basis of Presentation — (Continued)**

Services revenues are recognized as services are rendered, and associated costs of providing such services are recorded as incurred. Services revenues and related costs for the first nine months of 2009 included $27 million of contractual reimbursement from Ford under the Amended Reimbursement Agreement for costs associated with the separation of ACH leased employees no longer required to provide such services.

*Restricted Cash:* Restricted cash includes approximately $80 million under the terms of the ABL Credit Agreement and $20 million pursuant to a cash collateral order of the Court.

*Subsequent Events:* The Company evaluated all transactions for subsequent event impacts on the periods presented through October 29, 2009.

**NOTE 3. New Accounting Pronouncements**

In July 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification ("ASC") as the only authoritative source of generally accepted accounting principles. The ASC is effective for interim and annual reporting periods ending after September 15, 2009. The Company implemented use of the ASC without a significant impact on its consolidated financial statements.

In June 2009, the FASB issued guidance which amends the consolidation provisions that apply to Variable Interest Entities ("VIEs"). This guidance is effective for fiscal years that begin after November 15, 2009 and the Company is currently evaluating the impact this guidance may have on its consolidated financial statements.

In May 2009 the FASB issued guidance requiring disclosures on management's assessment of subsequent events, the Company adopted this guidance on a prospective basis as of April 1, 2009 without material impact on its consolidated financial statements.

In connection with ASC Topic 820, "Fair Value Measurements and Disclosures," ("ASC 820") which defines fair value, establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurements, the Company provided expanded disclosures as of January 1, 2008 without a material impact on its consolidated financial statements. The application of ASC 820 to the Company's nonfinancial assets and liabilities did not impact the Company's consolidated financial statements. The Company also adopted related guidance on estimating fair value when the volume and level of activity have significantly decreased and on identifying circumstances that indicate a transaction is not orderly as of June 30, 2009 without material impact on its consolidated financial statements.

In April 2009, the FASB issued guidance requiring disclosures around the fair value of financial instruments for interim reporting periods, including (a) the fair value at the period end and (b) the methods and assumptions used to calculate the fair value. The Company adopted this guidance without a material impact on its consolidated financial statements.

In December 2008, the FASB issued guidance requiring disclosure of (a) how pension plan asset investment allocation decisions are made, (b) the major categories of plan assets, (c) the inputs and valuation techniques used to measure the fair value of plan assets, (d) the effect of fair value measurements using significant unobservable inputs on changes in plan assets and (e) significant concentrations of risk within plan assets. These disclosures are required for fiscal years ending after December 15, 2009.

**NOTE 3. New Accounting Pronouncements — (Continued)**

In March 2008, the FASB issued guidance requiring disclosure of (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. These disclosures were provided by the Company on a prospective basis with effect from January 1, 2009, as more fully described in Note 17 "Financial Instruments" to the consolidated financial statements.

In December 2007, the FASB issued guidance on the accounting and reporting for business combination transactions and noncontrolling interests in consolidated financial statements. The Company adopted this guidance effective January 1, 2009 as more fully described in Note 14 "Shareholders' Deficit" to the consolidated financial statements.

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code**

On May 28, 2009, the Debtors filed voluntary petitions for reorganization relief under the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The reorganization cases are being jointly administered as Case No. 09-11786 under the caption "In re Visteon Corporation, et al." The Debtors continue to operate their businesses as "debtors-in-possession" under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Court. The Company's other subsidiaries, primarily non-U.S. subsidiaries, have been excluded from the Chapter 11 Proceedings and continue to operate their businesses without supervision from the Court and are not subject to the requirements of the Bankruptcy Code.

*Implications of Chapter 11 Proceedings*

Under section 362 of the Bankruptcy Code, the filing of a bankruptcy petition automatically stays most actions against a debtor, including most actions to collect pre-petition indebtedness or to exercise control over the property of the debtor's estate. Absent an order of the Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization. While operating as debtors-in-possession under the Bankruptcy Code and subject to approval of the Court or otherwise as permitted in the ordinary course of business, the Debtors, or some of them, may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the consolidated financial statements. Further, a confirmed plan of reorganization or other arrangement could materially change the amounts and classifications in the historical consolidated financial statements.

Subsequent to the petition date, the Debtors received approval from the Court to pay or otherwise honor certain pre-petition obligations generally designed to stabilize the Debtors' operations including employee obligations, tax matters and from limited available funds, pre-petition claims of certain critical vendors, certain customer programs, limited foreign business operations, adequate protection payments and certain other pre-petition claims. Additionally, the Debtors have been paying and intend to continue to pay undisputed post-petition claims in the ordinary course of business.

To successfully emerge from chapter 11, in addition to obtaining exit financing, the Court must confirm a plan of reorganization, the filing of which will depend upon the timing and outcome of numerous ongoing matters in the Chapter 11 Proceedings. The Debtors currently expect to file a plan of reorganization that provides for the Debtors' emergence from bankruptcy in early to mid 2010, but there can be no assurance that the Court will confirm the Company's plan of reorganization or that any such plan will be implemented successfully. On October 7, 2009 the Court entered an order extending the Debtors' exclusive period to file a chapter 11 plan of reorganization until December 10, 2009 and to solicit votes to accept a proposed chapter 11 plan of reorganization until February 10, 2010.

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code — (Continued)**

The Company's plan of reorganization will determine the rights and satisfaction of claims of various creditors and security holders. At this time, it is not possible to predict with certainty the effect of the Chapter 11 Proceedings on the Company's business. The Debtors will include estimates of expected claims dispositions in the plan of reorganization, but the ultimate settlement of those claims will continue to be subject to the uncertain outcome of litigation, negotiations and Court decisions up to and for a period of time after a plan of reorganization is confirmed. The Company believes that its presently outstanding equity securities will have no value and will be canceled under any plan of reorganization. For this reason, the Company urges that caution be exercised with respect to existing and future investments in any security of the Company.

*Status of Chapter 11 Proceedings*

The Debtors are currently funding post-petition operations under a temporary cash collateral order from the Court. There can be no assurance that such cash collateral funds will be sufficient to meet the Debtors ongoing cash needs or that the Debtors will be successful in extending the duration of the cash collateral order with the Court to continue operating as debtors-in-possession absent an approved DIP financing arrangement.

The Debtors continue to work with their customers on a global basis to facilitate the reorganization of the Company's business. During July 2009, the Company executed support agreements with certain European customers that provide for, among other things, accelerated payment terms, price increases, restructuring cost reimbursements and settlement payments for invested research and engineering costs and other unrecovered amounts. During the three-month period ended September 30, 2009 the Company received non-refundable settlement payments of approximately $40 million in connection with these agreements and anticipates receipt of additional non-refundable settlement payments of approximately $30 million on or before each of June 30, 2010 and June 30, 2011, subject to the terms and conditions of these agreements. The Company recorded $9 million of revenue associated with these settlement payments during the third quarter of 2009, with $31 million deferred on the balance sheet at September 30, 2009. Additionally, during July 2009, the Debtors sold their 80% interest in Halla Climate Systems Alabama Corp. ("Halla Alabama") to the Debtors' 70% owned joint venture, Halla Climate Control Corporation under Bankruptcy Code Section 363 for cash proceeds to the Debtors' of $37 million.

On September 17, 2009, the Debtors filed a motion with the Court seeking authority to enter into a customer accommodation agreement and related access and security agreement (together, the "GM Accommodation Agreement") with General Motors Corporation ("GM"). Pursuant to the GM Accommodation Agreement, GM has agreed to, among other things, pay approximately $8 million in cash surcharge payments above the purchase order price for GM component parts produced; reimburse up to $10 million for restructuring costs associated with the consolidation of certain of the Company's Mexican facilities; reimburse $4 million of engineering, design and development support costs; accelerate payment terms; reimburse the Company for costs associated with the wind-down of operations related to the production of interior and fuel tank GM component parts; and pay approximately $8 million in cure payments in connection with the assumption and assignment of purchase orders with the Company in the Motors Liquidation Company (f/k/a General Motors Corporation) chapter 11 case.

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code — (Continued)**

In exchange for these benefits, the Company agreed to continue producing and delivering component parts to GM during the term of the GM Accommodation Agreement as well as provide considerable assistance to GM in re-sourcing production to other suppliers. Also, the Company agreed to build an inventory bank for GM, provided GM pays for such inventory on an accelerated basis and covers the Company's out-of-pocket expenses in maintaining and handling the inventory. In addition, the GM Accommodation Agreement grants GM an option to purchase equipment and tooling owned by the Company that is exclusively used to manufacture GM component parts, provides GM with a right to access the Company's facilities if the Company ceases production and grants to GM a security interest in certain operating assets that would be necessary for GM component part production. In general, the rights and benefits inuring to the Company and GM pursuant to the GM Accommodation Agreement expire on the earlier of the date that resourcing of production is completed or March 31, 2010. The Court entered an order approving the Debtors motion with respect to the GM Accommodation Agreement on October 7, 2009.

On October 2, 2009, the Debtors filed a motion with the Court seeking authority to enter into a customer accommodation agreement and related access and security agreement (together, the "Chrysler Accommodation Agreement") with Chrysler Group LLC ("Chrysler"). The effectiveness of the Chrysler Accommodation Agreement is contingent upon approval by the Court. Pursuant to the Chrysler Accommodation Agreement, Chrysler has agreed to, among other things, pay surcharge payments to the Company above the purchase order price for Chrysler component parts produced by the Company in an aggregate amount of $13 million; pay approximately $5 million for the purchase of certain tooling used at the Company's Saltillo, Mexico facility to manufacture Chrysler component parts; purchase certain designated equipment and tooling exclusively used to manufacture Chrysler component parts at the Company's Highland Park, Michigan and Saltillo, Mexico facilities; reimburse the Company for certain costs associated with the wind-down of certain lines of Chrysler component part production; accelerate payment terms; and pay approximately $13 million to the Company as cure payments in connection with the assumption and assignment of purchase orders with the Company in the Old Carco LLC (f/k/a Chrysler LLC) chapter 11 case.

In exchange for these benefits, the Company will continue to produce and deliver component parts to Chrysler during the term of the Chrysler Accommodation Agreement, as well as provide assistance to Chrysler in re-sourcing certain lines of production. The Company also has agreed to build an inventory bank for Chrysler, provided that Chrysler will pay for such parts in accordance with the payment terms set forth in the Chrysler Accommodation Agreement and will cover the Company's incremental costs incurred in the production of such parts to the extent such costs exceed purchase order prices. The Company will also grant Chrysler an option to purchase certain machinery and equipment exclusively used to manufacture Chrysler component parts, and has agreed to seek Court approval for the sale of the Company's Highland Park, Michigan and Saltillo, Mexico facilities as going concerns if Chrysler designates such facilities for sale prior to the termination date of the Chrysler Accommodation Agreement. The Chrysler Accommodation Agreement provides Chrysler with a right to access the Company's facilities if the Company ceases production and grants to Chrysler a security interest in certain operating assets that would be necessary for Chrysler component part production. In general, the rights and benefits inuring to the Company and Chrysler pursuant to the Chrysler Accommodation Agreement expire on the earlier of the date that resourcing of production is completed or March 31, 2010.

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code — (Continued)**

On October 23, 2009, the Debtors filed a motion with the Court seeking authority to, among other things, enter into (i) a customer accommodation agreement and related access and security agreement (together, the "Nissan Accommodation Agreement") with Nissan North America, Inc. ("Nissan"), and (ii) an asset purchase agreement (the "Nissan Purchase Agreement") among the Company, GCM-Visteon Automotive Systems, LLC, GCM-Visteon Automotive Leasing Systems, LLC, MIG-Visteon Automotive Systems, LLC, and VC Regional Assembly & Manufacturing, LLC (collectively, the "Sellers"), Haru Holdings, LLC (the "Buyer") and Nissan. The effectiveness of the Nissan Accommodation Agreement is contingent upon approval by the Court.

Pursuant to the Nissan Purchase Agreement, the Sellers have agreed to sell to the Buyer certain assets, intellectual property, agreements and rights (the "Assets") primarily related to the Sellers' automobile cockpit module, front end module, and interior manufacturing and assembly businesses located at their plants in LaVergne, Tennessee, Smyrna, Tennessee, Tuscaloosa, Alabama, and Canton, Mississippi, as well as certain other direct-shipment sourcing arrangements. The Nissan Purchase Agreement provides that the Buyer will make the following payments to the Sellers:

- $11 million, representing the orderly liquidation value of the facilities and related equipment being sold in accordance with the Nissan Purchase Agreement;
- An amount equal to the orderly liquidation value of certain off-site tooling;
- An agreed upon purchase order amount for certain of the Sellers' inventory;
- A $20 million cash surcharge payment, to be paid in six installments subject to certain conditions;
- Costs to cure assumed contracts; and
- Reimbursement for costs associated with the wind-down and transition of the Assets.

The amounts of these payments are subject to adjustment in accordance with the Nissan Purchase Agreement. The Nissan Purchase Agreement also contains customary representations, warranties, indemnities, covenants and conditions to closing, including the approval of the Court.

Pursuant to the Nissan Accommodation Agreement, Nissan has agreed to, among other things, accelerate its payment terms on outstanding purchase orders, limit its ability to set-off against accounts receivables owing to the Company and forbear from re-sourcing component parts to a third party supplier during the term of the Nissan Accommodation Agreement. The Company will, among other things, continue to produce and deliver component parts to Nissan during the term of the Nissan Accommodation Agreement and will build an inventory bank for Nissan at its request (provided that Nissan will pay for such inventory bank parts on an accelerated basis and will also cover the Company's out-of-pocket expenses in maintaining and handling the inventory). The Company will also provide assistance and cooperation to Nissan in preparing for and carrying out the transition of various production lines to other suppliers in the event the Company defaults. Also, the Nissan Accommodation Agreement provides Nissan with an access right to certain facilities if the Company fails to maintain continuity of supply as required.

On October 28, 2009, the Debtors filed a motion with the Court seeking authority to enter into a Letter of Credit Reimbursement and Security Agreement that provides for a committed $40 million letter of credit facility that expires on September 30, 2010 ("LOC Facility"). Amounts drawn under the LOC Facility would be subject to a fee of 0.65% per annum of the outstanding balance and would be secured by cash collateral. Amounts undrawn would be subject to a fee of 0.40% per annum of the undrawn balance.

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code — (Continued)**

On October 28, 2009, the Debtors filed a motion with the Court seeking authority to borrow up to $150 million under the terms of a proposed senior secured super-priority priming debtor-in-possession credit and guarantee agreement (the "Proposed DIP Facility") with certain pre-petition secured term loan lenders (the "DIP Lenders") and Wilmington Trust Company, as administrative agent. Borrowings under the Proposed DIP Facility would be used to finance working capital, capital expenditures and other general corporate purposes in accordance with an approved budget.

The Proposed DIP Facility would mature on the earliest of (i) six months after the closing of such facility; provided, that the Company may extend it an additional three months, (ii) the effective date of the Debtor's plan of reorganization, and (c) the date a sale or sales of all or substantially all of the Company's and guarantors' assets is or are consummated under section 363 of the Bankruptcy Code. Borrowing under the Proposed DIP Facility will be secured by, among other things, a first priority perfected security interest in assets that constitute first priority collateral under pre-petition secured term loans and certain otherwise unencumbered assets (including the assets of Visteon Electronics Corporation), as well as a second priority perfected security interest in assets that constitute first priority collateral under the ABL Credit Agreement. The Proposed DIP Facility would also contain other usual and customary affirmative and negative covenants, events of default, indemnification, representations, warranties and conditions.

*Financial Statement Classification*

Financial reporting applicable to companies in chapter 11 of the Bankruptcy Code generally does not change the manner in which financial statements are prepared. However, it does require, among other disclosures, that the financial statements for periods subsequent to the filing of the chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, revenues, expenses, realized gains and losses and provisions for losses that can be directly associated with the reorganization of the business have been reported separately as reorganization items in the Company's statements of operations. Reorganization items included in the consolidated statements of operations include costs directly related to the Chapter 11 Proceedings, as follows:

| | Three Months Ended September 30, 2009 | Nine Months Ended September 30, 2009 |
|---|---|---|
| | (Dollars in Millions) | |
| Professional fees | $ 21 | $ 27 |
| Other direct costs, net | 2 | 3 |
| | $ 23 | $ 30 |

Cash payments for reorganization costs during the nine months ended September 30, 2009 were approximately $11 million.

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code — (Continued)**

Additionally, pre-petition liabilities subject to compromise under a plan of reorganization have been reported separately from both pre-petition liabilities that are not subject to compromise and from liabilities arising subsequent to the petition date. Liabilities that may be affected by a plan of reorganization are reported at amounts expected to be allowed, even if they may be settled for lesser amounts. Liabilities subject to compromise as of September 30, 2009 are set forth below and represent the Company's estimate of known or potential pre-petition claims to be resolved in connection with the Chapter 11 Proceedings. Such claims remain subject to future adjustments, which may result from (i) negotiations; (ii) actions of the Court; (iii) disputed claims; (iv) rejection of executory contracts and unexpired leases; (v) the determination as to the value of any collateral securing claims; (vi) proofs of claim; or (vii) other events. Liabilities subject to compromise include the following:

| | September 30 2009 (Dollars in Millions) |
|---|---|
| Debt | $ 2,473 |
| Employee liabilities | 489 |
| Accounts payable | 122 |
| Interest payable | 31 |
| Other accrued liabilities | 11 |
| | $ 3,126 |

Substantially all of the Company's pre-petition debt is in default, including $1.5 billion principal amount due under the seven-year secured term loans due 2013; $862 million principal amount under various unsecured notes due 2010, 2014 and 2016; and $110 million of other secured and unsecured borrowings. Debt discounts of $8 million, deferred financing costs of $14 million and fair value of terminated interest rate swaps of $23 million are no longer being amortized and have been included as a valuation adjustment to the related pre-petition debt. Effective May 28, 2009, the Company ceased recording interest expense on outstanding pre-petition debt instruments classified as liabilities subject to compromise. Adequate protection amounts pursuant to the cash collateral order of the Court, and as related to the ABL Credit Agreement have been classified as "Interest expense" on the Company's statements of operations. Interest expense on a contractual basis would have been $54 million and $172 million for the three-month and nine-month periods ended September 30, 2009.

Employee liabilities subject to compromise includes $315 million related to other post-employment benefit obligations. On June 26, 2009 the Debtors requested the Court to enter an order authorizing the Debtors to modify or terminate certain plans and programs giving rise to such benefits.

Additionally, a confirmed plan of reorganization could also materially change the amounts and classifications reported in the consolidated financial statements, which do not give effect to any adjustments to the carrying value of assets or amounts of liabilities that might be necessary as a consequence of confirmation of a plan of reorganization.

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code — (Continued)**

On August 26, 2009, pursuant to the Bankruptcy Code, the Debtors filed statements and schedules with the Court setting forth the assets and liabilities of the Debtors as of the Petition Date. In September 2009, the Debtors issued approximately 57,000 proof of claim forms to their current and prior employees, known creditors, vendors and other parties with whom the Debtors have previously conducted business. To the extent that recipients disagree with the claims as quantified on these forms, the recipient may file discrepancies with the Court. Differences between amounts recorded by the Debtors and claims filed by creditors will be investigated and resolved as part of the Chapter 11 Proceedings. However, the Court will ultimately determine liability amounts, if any, that will be allowed for these claims. An October 15, 2009 bar date was set for the filing of proofs of claim against the Debtors. Because the Debtors have not completed their evaluation of these claims, the ultimate number and allowed amount of such claims are not presently known. The resolution of such claims could result in a material adjustment to the Debtors' financial statements.

*Debtors Financial Statements*

The financial statements included below represent the condensed combined financial statements of the Debtors and exclude the Company's other subsidiaries, primarily non-U.S. subsidiaries. These statements reflect the results of operations, financial position and cash flows of the combined Debtor subsidiaries, including certain amounts and activities between Debtor and non-Debtor subsidiaries of the Company, which are eliminated in the consolidated financial statements.

**CONDENSED COMBINED DEBTORS-IN-POSSESSION**
**STATEMENT OF OPERATIONS**

| | Three Months Ended September 30, 2009 | May 28, 2009 to September 30, 2009 |
|---|---|---|
| | (Dollars in Millions) | |
| Net sales | $ 644 | $ 877 |
| Cost of sales | 644 | 887 |
| **Gross margin** | — | (10) |
| Selling, general and administrative expenses | 67 | 90 |
| Restructuring expenses | 15 | 15 |
| Reorganization items | 23 | 30 |
| **Operating loss** | (105) | (145) |
| Interest income, net | — | 1 |
| Equity in net income of non-consolidated affiliates | 25 | 33 |
| **Loss before income taxes and earnings of non-Debtor subsidiaries** | (80) | (111) |
| Benefit from income taxes | 2 | 1 |
| **Loss before earnings of non-Debtor subsidiaries** | (78) | (110) |
| Earnings of non-Debtor subsidiaries | 40 | 52 |
| **Net loss attributable to Debtors** | $ (38) | $ (58) |

VISTEON CORPORATION AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code — (Continued)**

**CONDENSED COMBINED DEBTORS-IN-POSSESSION**
**BALANCE SHEET**

| | September 30, 2009 (Dollars in Millions) |
|---|---|
| **ASSETS** | |
| Cash and equivalents | $ 260 |
| Restricted cash | 101 |
| Accounts receivable, net | 325 |
| Accounts receivable, non-Debtor subsidiaries | 560 |
| Inventories, net | 79 |
| Other current assets | 86 |
| **Total current assets** | 1,411 |
| Notes receivable, non-Debtor subsidiaries | 549 |
| Investments in non-Debtor subsidiaries | 528 |
| Property and equipment, net | 382 |
| Equity in net assets of non-consolidated affiliates | 251 |
| Other non-current assets | 9 |
| **Total assets** | $ 3,130 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | |
| Short-term debt, including current portion of long-term debt | $ 4 |
| Accounts payable | 148 |
| Accounts payable, non-Debtor subsidiaries | 227 |
| Accrued employee liabilities | 40 |
| Other current liabilities | 48 |
| **Total current liabilities** | 467 |
| Long-term debt | 2 |
| Employee benefits | 285 |
| Deferred income taxes | 77 |
| Other non-current liabilities | 76 |
| Liabilities subject to compromise | 3,126 |
| Liabilities subject to compromise, non-Debtor subsidiaries | 88 |
| Shareholders' deficit | |
| Total Debtors' shareholders' deficit | (991) |
| Noncontrolling interests | — |
| **Total shareholders' deficit** | (991) |
| **Total liabilities and shareholders' deficit** | $ 3,130 |

**VISTEON CORPORATION AND SUBSIDIARIES**
**(DEBTOR-IN-POSSESSION)**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**NOTE 4. Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code — (Continued)**

**CONDENSED COMBINED DEBTORS-IN-POSSESSION**
**STATEMENT OF CASH FLOWS**

| | May 28, 2009 to September 30, 2009 (Dollars in Millions) |
|---|---|
| **Net cash provided from operating activities** | $ 27 |
| **Investing activities** | |
| Capital expenditures | (5) |
| Proceeds from sale of Halla Alabama to non-Debtor | 37 |
| Net cash provided from investing activities | 32 |
| **Financing activities** | |
| Net change in restricted cash | (21) |
| Other, including book overdrafts | 7 |
| Net cash used by financing activities | (14) |
| Net increase in cash and equivalents | 45 |
| **Cash and equivalents at beginning of period** | 215 |
| **Cash and equivalents at end of period** | $ 260 |

**NOTE 5. Restructuring and Exit Activities**

The Company has undertaken various restructuring and exit activities to achieve its strategic and financial objectives. Restructuring activities include, but are not limited to, plant closures, divestitures, production relocation, administrative cost structure realignment and consolidation of available capacity and resources. The Company expects to finance restructuring programs with cash pursuant to the terms of certain customer accommodation and support agreements, cash on hand, cash generated from its ongoing operations or through cash available under its existing debt agreements, subject to the terms of applicable covenants.

*2009 Restructuring Actions*

During the third quarter of 2009, the Company recorded $27 million in employee severance and termination benefit costs related to headcount reductions, including $11 million associated with approximately 160 employees at two European Interiors facilities, $6 million associated with approximately 60 employees at the Company's North American headquarters and $10 million associated with approximately 300 employees at a North American Electronics facility. The Company recorded $4 million for the reimbursement of restructuring costs associated with a European Interiors facility pursuant to a customer support agreement.

VISTEON CORPORATION AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**NOTE 5. Restructuring and Exit Activities — (Continued)**

The following is a summary of the Company's consolidated restructuring reserves and related activity.

| | Interiors | Climate | Electronics | Other | Total |
|---|---|---|---|---|---|
| | | | (Dollars in Millions) | | |
| December 31, 2008 | $ 49 | $ 3 | $ 4 | $ 8 | $ 64 |
| Expenses | 7 | 5 | 1 | 14 | 27 |
| Currency exchange | (3) | — | — | — | (3) |
| Utilization | (19) | (7) | (1) | (19) | (46) |
| March 31, 2009 | 34 | 1 | 4 | 3 | 42 |
| Expenses | 1 | — | 3 | 14 | 18 |
| Currency exchange | 2 | — | — | — | 2 |
| Utilization | (14) | (1) | (1) | (16) | (32) |
| June 30, 2009 | 23 | — | 6 | 1 | 30 |
| Expenses | 11 | — | 10 | 6 | 27 |
| Currency exchange | 1 | — | — | — | 1 |
| Utilization | (10) | — | (2) | (4) | (16) |
| September 30, 2009 | $ 25 | $ — | $ 14 | $ 3 | $ 42 |

Utilization for the three months ended September 30, 2009 includes $12 million of payments for severance and other employee termination benefits and $4 million of special termination benefits reclassified to pension and other postretirement employee benefits, where such payments are made from the Company's benefit plans.

*Asset Impairments and Loss on Divestitures*

The Company recorded asset impairments and loss on divestitures of $19 million during the three months ended September 30, 2008 in connection with the divestitures of its chassis operation in Swansea, UK and its Interiors operation in Halewood, UK. During the second quarter of 2008, the Company also recorded asset impairments and losses on divestitures of $7 million in connection with the sale of the Swansea, UK operation and $4 million for long-lived assets related to the Other product group that met the "held for sale" criteria under GAAP. During the first quarter of 2008, the Company completed the sale of its North American-based aftermarket underhood and remanufacturing operations and recorded total losses of $40 million in connection with the transaction.

VISTEON CORPORATION AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**NOTE 6. Inventories**

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

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Raw materials | $ 136 | $ 145 |
| Work-in-process | 182 | 184 |
| Finished products | 93 | 67 |
| | $ 411 | $ 396 |
| Valuation reserves | (51) | (42) |
| | $ 360 | $ 354 |

**NOTE 7. Other Assets**

Other current assets are summarized as follows:

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Recoverable taxes | $ 98 | $ 119 |
| Deposits | 36 | 24 |
| Current deferred tax assets | 32 | 29 |
| Prepaid assets | 23 | 18 |
| Unamortized debt costs | — | 20 |
| Other | 35 | 39 |
| | $ 224 | $ 249 |

Other non-current assets are summarized as follows:

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Non-current deferred tax assets | $ 31 | $ 34 |
| Notes and other receivables | 10 | 4 |
| Other intangible assets | 6 | 7 |
| Other | 31 | 49 |
| | $ 78 | $ 94 |

VISTEON CORPORATION AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**NOTE 8. Property and Equipment**

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

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Land | $ 76 | $ 73 |
| Buildings and improvements | 861 | 809 |
| Machinery, equipment and other | 2,934 | 2,985 |
| Construction in progress | 69 | 112 |
| Total property and equipment | $ 3,940 | $ 3,979 |
| Accumulated depreciation | (1,980) | (1,907) |
| | $ 1,960 | $ 2,072 |
| Product tooling, net of amortization | 79 | 90 |
| | $ 2,039 | $ 2,162 |

Depreciation and amortization expenses are summarized as follows:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | |
| Depreciation | $ 86 | $ 93 | $ 235 | $ 299 |
| Amortization | 7 | 9 | 20 | 28 |
| | $ 93 | $ 102 | $ 255 | $ 327 |

The Company recorded approximately $13 million and $26 million of accelerated depreciation expense for the three and nine months ended September 30, 2009, respectively, representing the shortening of estimated useful lives of certain assets in connection with the Company's restructuring activities.

**NOTE 9. Non-Consolidated Affiliates**

The Company had $266 million and $220 million of equity in the net assets of non-consolidated affiliates at September 30, 2009 and December 31, 2008, respectively. The Company recorded equity in net income of non-consolidated affiliates of $26 million and $5 million for the three months ended September 30, 2009 and 2008, respectively. For the nine-month periods ended September 30, 2009 and 2008, the Company recorded $52 million and $35 million, respectively.

The following table presents summarized financial data for the Company's non-consolidated affiliates. Yanfeng Visteon Automotive Trim Systems Co., Ltd ("Yanfeng"), of which the Company owns a 50% interest, is considered a significant non-consolidated affiliate. Summarized financial information reflecting

**NOTE 9. Non-Consolidated Affiliates — (Continued)**

100% of the operating results of the Company's equity investees is provided below for the three and nine-month periods ended September 30.

| | Three Months Ended September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Net Sales | | Gross Margin | | Net Income | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | | | |
| Yanfeng Visteon Automotive Trim Systems Co., Ltd. | $ 394 | $ 235 | $ 61 | $ 38 | $ 34 | $ 9 |
| All other | 203 | 206 | 34 | 27 | 17 | — |
| | $ 597 | $ 441 | $ 95 | $ 65 | $ 51 | $ 9 |

| | Nine Months Ended September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Net Sales | | Gross Margin | | Net Income | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | | | |
| Yanfeng Visteon Automotive Trim Systems Co., Ltd. | $ 1,012 | $ 825 | $ 153 | $ 144 | $ 74 | $ 53 |
| All other | 486 | 626 | 67 | 91 | 28 | 16 |
| | $ 1,498 | $ 1,451 | $ 220 | $ 235 | $ 102 | $ 69 |

The Company's share of net assets and net income is reported in the consolidated financial statements as "Equity in net assets of non-consolidated affiliates" on the consolidated balance sheets and "Equity in net income of non-consolidated affiliates" on the consolidated statements of operations. Included in the Company's accumulated deficit is undistributed income of non-consolidated affiliates accounted for under the equity method of approximately $99 million and $104 million at September 30, 2009 and December 31, 2008, respectively.

**NOTE 10. Other Liabilities**

Other current liabilities are summarized as follows:

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Income and other taxes payable | $ 59 | $ 54 |
| Product warranty and recall reserves | 46 | 50 |
| Restructuring reserves | 42 | 45 |
| Deferred income | 35 | 10 |
| Accrued interest payable | 4 | 45 |
| Other accrued liabilities | 76 | 84 |
| | $ 262 | $ 288 |

**NOTE 10. Other Liabilities — (Continued)**

Other non-current liabilities are summarized as follows:

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Income tax reserves | $ 161 | $ 155 |
| Non-income tax payable | 62 | 57 |
| Product warranty and recall reserves | 46 | 50 |
| Deferred income | 37 | 46 |
| Restructuring reserves | — | 19 |
| Other accrued liabilities | 34 | 38 |
| | $ 340 | $ 365 |

As of September 30, 2009, current deferred income of $35 million primarily relates to non-refundable settlement payments in connection with customer support agreements. Additionally, non-current deferred income of $37 million is primarily related to deferred gains on sale-leaseback transactions that will be recognized in the period that the Company's continuing involvement ceases.

**NOTE 11. Debt**

The Company's short and long-term debt balances, including the fair value of related interest rate swaps are as follows:

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| **Short-term debt** | | |
| Debt in default | $ — | $ 2,554 |
| Current portion of long-term debt | 57 | 72 |
| Other — short-term | 79 | 71 |
| | $ 136 | $ 2,697 |
| **Long-term debt** | | |
| Other | 66 | 65 |
| | $ 202 | $ 2,762 |

On May 22, 2009, the Company terminated its European trade accounts receivable securitization facility. As a result, participating subsidiaries repurchased receivables previously sold and outstanding under the program and amounts borrowed under the facility totaling $42 million were repaid.

The fair value of the Company's long-term debt that is not subject to compromise has been calculated based on quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The Company is unable to estimate the fair value of long-term debt of the Debtors that is subject to compromise at September 30, 2009, due to the uncertainties associated with the Chapter 11 Proceedings. Fair value of total debt was $206 million and $826 million as of September 30, 2009 and December 31, 2008, respectively.

VISTEON CORPORATION AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**NOTE 12. Employee Retirement Benefits**

The components of the Company's net periodic benefit costs for the three-month periods ended September 30, 2009 and 2008 were as follows:

| | Retirement Plans | | | | Health Care and Life Insurance Benefits | |
|---|---|---|---|---|---|---|
| | U.S. Plans | | Non-U.S. Plans | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | | | |
| Service cost | $ 3 | $ 5 | $ 2 | $ 4 | $ — | $ 1 |
| Interest cost | 18 | 19 | 6 | 20 | 5 | 8 |
| Expected return on plan assets | (19) | (21) | (5) | (15) | — | — |
| Amortization of: | | | | | | |
| Plan amendments | — | — | — | 1 | (5) | (7) |
| Actuarial losses and other | — | — | — | — | 2 | 2 |
| Special termination benefits | 1 | 2 | — | — | — | — |
| Curtailments | — | — | — | — | — | (13) |
| Visteon sponsored plan net periodic benefit costs | 3 | 5 | 3 | 10 | 2 | (9) |
| Expense for certain salaried employees whose pensions are partially covered by Ford | — | 3 | — | — | (2) | (2) |
| Net periodic benefits costs, excluding restructuring | $ 3 | $ 8 | $ 3 | $ 10 | $ — | $ (11) |
| Special termination benefits | 4 | 11 | — | 4 | — | 1 |
| Total employee retirement benefit related restructuring costs | $ 4 | $ 11 | $ — | $ 4 | $ — | $ 1 |

VISTEON CORPORATION AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**NOTE 12. Employee Retirement Benefits — (Continued)**

The components of the Company's net periodic benefit costs for the nine-month periods ended September 30, 2009 and 2008 were as follows:

| | Retirement Plans | | | | Health Care and Life Insurance Benefits | |
|---|---|---|---|---|---|---|
| | U.S. Plans | | Non-U.S. Plans | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | | | |
| Service cost | $ 10 | $ 16 | $ 6 | $ 15 | $ 1 | $ 3 |
| Interest cost | 55 | 55 | 24 | 55 | 14 | 24 |
| Expected return on plan assets | (59) | (62) | (21) | (45) | — | — |
| Amortization of: | | | | | | |
| Plan amendments | (1) | (1) | 1 | 4 | (16) | (24) |
| Actuarial losses and other | — | — | — | 2 | 5 | 8 |
| Special termination benefits | 5 | 3 | — | — | — | — |
| Curtailments | (1) | 1 | 6 | 5 | (9) | (43) |
| Visteon sponsored plan net periodic benefit costs | 9 | 12 | 16 | 36 | (5) | (32) |
| Expense for certain salaried employees whose pensions are partially covered by Ford | 10 | 1 | — | — | (6) | (5) |
| Net periodic benefits costs, excluding restructuring | $ 19 | $ 13 | $ 16 | $ 36 | $ (11) | $ (37) |
| Special termination benefits | 10 | 12 | 8 | 21 | — | 1 |
| Other | 6 | — | — | — | — | — |
| Total employee retirement benefit related restructuring costs | $ 16 | $ 12 | $ 8 | $ 21 | $ — | $ 1 |

*Curtailments and Settlements*

Curtailment and settlement gains and losses are classified in the Company's consolidated statements of operations as "Cost of sales" or "Selling, general and administrative expenses." Qualifying curtailment and settlement losses related to the Company's restructuring activities were reimbursable under the terms of the Escrow Agreement. The following curtailments and settlements were recorded during the three and nine-month periods ended September 30, 2009 and 2008:

- The Company recorded curtailment gains of $10 million for the nine months ended September 30, 2009 associated with the U.S. salaried pension and other postretirement benefit ("OPEB") plans in connection with employee headcount reductions under previously announced restructuring actions.
- The Company recorded pension curtailment losses of $6 million for the nine months ended September 30, 2009 related to the reduction of future service in the UK pension plan in connection with employee headcount reductions in the UK.
- The Company recorded curtailment gains of $13 million and $43 million for the three and nine months ended September 30, 2008 related to elimination of employee benefits associated with the U.S. other postretirement benefit plans in connection with employee headcount reductions under previously announced restructuring actions.

**NOTE 12. Employee Retirement Benefits — (Continued)**

- During the nine months ended September 30, 2008 the Company recorded pension curtailment losses of $7 million related to the reduction of future service in the UK pension plan for employees at the Company's Swansea, UK operation in connection with the divestiture of that operation. Additionally, the Company remeasured the assets and obligations of its UK pension plan, which resulted in an increase of $57 million in the Company's net pension liability and a corresponding decrease in Accumulated Other Comprehensive Income.

*Retirement Benefit Related Restructuring Expenses*

In addition to retirement benefit expenses, the Company recorded $4 million and $24 million for the three and nine months ended September 30, 2009, respectively, for retirement benefit related restructuring charges. Such charges generally relate to special termination benefits, voluntary termination incentives and pension losses and are the result of various restructuring actions as described in Note 5 "Restructuring and Exit Activities." Retirement benefit related restructuring charges are initially classified as restructuring expenses and related accruals are subsequently reclassified to retirement benefit liabilities.

*Contributions*

During January 2009, the Company reached an agreement with the Pension Benefit Guaranty Corporation ("PBGC") pursuant to U.S. federal pension law provisions that permit the PBGC to seek protection when a plant closing results in termination of employment for more than 20 percent of employees covered by a pension plan (the "PBGC Agreement"). In connection with the multi-year improvement plan the Company closed its Connersville, Indiana and Bedford, Indiana facilities, which resulted in the separation of all active participants in the respective pension plan. Under the PBGC Agreement, the Company agreed to accelerate payment of a $10.5 million cash contribution, provide a $15 million letter of credit ("LOC") and provide for a guarantee by certain affiliates of certain contingent pension obligations of up to $30 million. During September 2009 the Company did not make the required contribution to the plan, which triggered an LOC draw event under the PBGC Agreement and resulted in a LOC draw by the PBGC of less than $1 million.

During the nine-month period ended September 30, 2009, contributions to the Company's U.S. retirement plans and postretirement health care and life insurance plans were $19 million and $21 million, respectively, and contributions to non-U.S. retirement plans were $20 million. The Company does not presently anticipate additional contributions to its U.S. retirement plans in 2009 while an additional $6 million of contributions to its postretirement health care and life insurance plans are expected. The Company also anticipates additional 2009 contributions to non-U.S. retirement plans of $6 million.

**NOTE 13. Income Taxes**

The Company's provision for income taxes in interim periods is computed by applying an estimated annual effective tax rate against income (loss) before income taxes, excluding equity in net income of non-consolidated affiliates and the gain related to the deconsolidation of the UK Debtor for the period. Effective tax rates vary from period to period as separate calculations are performed for those countries where the Company's operations are profitable and whose results continue to be tax-effected and for those countries where full deferred tax valuation allowances exist and are maintained. The Company is also required to record the tax impact of certain other non-recurring tax items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, in the interim period in which they occur. The need to maintain valuation allowances against deferred tax assets in the U.S. and other affected countries will continue to cause variability in the Company's quarterly and annual effective tax rates. Full

**NOTE 13. Income Taxes — (Continued)**

valuation allowances against deferred tax assets in the U.S. and applicable foreign countries will be maintained until sufficient positive evidence exists to reduce or eliminate them.

The Company's provision for income tax of $18 million and $63 million for the three-month and nine-month periods ended September 30, 2009 reflects income tax expense related to those countries where the Company is profitable, accrued withholding taxes, ongoing assessments related to the recognition and measurement of uncertain tax benefits, the inability to record a tax benefit for pre-tax losses in the U.S. and certain other jurisdictions to the extent not offset by other categories of income, and certain other non-recurring tax items. Included in the deconsolidation gain related to the UK Administration is $18 million of tax expense representing the elimination of disproportionate tax effects in other comprehensive income as all items of other comprehensive income related to Visteon UK Limited have been derecognized.

As of September 30, 2009 and June 30, 2009 the Company had $249 million and $246 million, respectively, of gross unrecognized tax benefits. Of this amount approximately $121 million represents the amount of unrecognized benefits that, if recognized, would impact the effective tax rate. This amount remained unchanged for the third quarter of 2009 as increases in unrecognized tax benefits attributable primarily to unfavorable foreign exchange impacts were offset by a reduction in uncertain tax benefits related to statute expirations of approximately $6 million.

The Company records interest and penalties related to uncertain tax positions as a component of income tax expense. Estimated interest and penalties related to the potential underpayment of income taxes represented a benefit of $2 million for the three months ended September 30, 2009. As of September 30, 2009, the Company had approximately $41 million of accrued interest and penalties related to uncertain tax positions.

It is reasonably possible that the amount of the Company's unrecognized tax benefits may change within the next twelve months as a result of settlement of ongoing audits or for changes in judgment as new information becomes available related to positions expected to be taken in future tax returns, primarily related to transfer pricing initiatives, or from the closure of tax statutes. Given the number of years, jurisdictions and positions subject to examination, the Company is unable to estimate the full range of possible adjustments to the balance of unrecognized tax benefits. Further, substantially all of the Company's unrecognized tax benefits relate to uncertain tax positions that are not currently under review by taxing authorities and therefore, the Company is unable to specify the future periods in which it may be obligated to settle such amounts. For those jurisdictions that are currently under examination, a reasonable estimate of the range of possible change cannot be made until further correspondence has been conducted with the relevant taxing authorities.

**NOTE 14. Shareholders' Deficit**

The table below provides a reconciliation of the carrying amount of total shareholders' deficit, including shareholders' deficit attributable to Visteon and equity attributable to noncontrolling interests ("NCI").

| | Three Months Ended September 30 | | | | | |
|---|---|---|---|---|---|---|
| | 2009 | | | 2008 | | |
| | Visteon | NCI | Total | Visteon | NCI | Total |
| | (Dollars in Millions) | | | | | |
| Shareholders' (deficit) equity beginning balance | $ (989) | $ 267 | $ (722) | $ (207) | $ 295 | $ 88 |
| Net (loss) income | (38) | 15 | (23) | (188) | 7 | (181) |
| Other comprehensive income (loss): | | | | | | |
| Foreign currency translation adjustment | 41 | 11 | 52 | (140) | (24) | (164) |
| Pension and other post-retirement benefits | (5) | — | (5) | 13 | — | 13 |
| Other | — | (1) | (1) | (8) | 2 | (6) |
| Total other comprehensive income (loss) | 36 | 10 | 46 | (135) | (22) | (157) |
| Dividends to noncontrolling interests | — | — | — | — | (2) | (2) |
| Shareholders' (deficit) equity ending balance | $ (991) | $ 292 | $ (699) | $ (530) | $ 278 | $ (252) |

| | Nine Months Ended September 30 | | | | | |
|---|---|---|---|---|---|---|
| | 2009 | | | 2008 | | |
| | Visteon | NCI | Total | Visteon | NCI | Total |
| | (Dollars in Millions) | | | | | |
| Shareholders' (deficit) equity beginning balance | $ (887) | $ 264 | $ (623) | $ (90) | $ 293 | $ 203 |
| Net (loss) income | (148) | 35 | (113) | (335) | 38 | (297) |
| Other comprehensive income (loss): | | | | | | |
| Foreign currency translation adjustment | (117) | 9 | (108) | (59) | (39) | (98) |
| Pension and other post-retirement benefits | 147 | — | 147 | (46) | — | (46) |
| Other | 14 | (4) | 10 | — | — | — |
| Total other comprehensive income (loss) | 44 | 5 | 49 | (105) | (39) | (144) |
| Dividends to noncontrolling interests | — | (12) | (12) | — | (14) | (14) |
| Shareholders' (deficit) equity ending balance | $ (991) | $ 292 | $ (699) | $ (530) | $ 278 | $ (252) |

The Accumulated other comprehensive income ("AOCI") category of Shareholders' deficit, includes:

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Foreign currency translation adjustments, net of tax | $ 91 | $ 208 |
| Pension and other postretirement benefit adjustments, net of tax | 108 | (39) |
| Realized and unrealized losses on derivatives, net of tax | 2 | (12) |
| | $ 201 | $ 157 |

**NOTE 15. Loss Per Share**

Basic loss per share of common stock is calculated by dividing reported net loss by the average number of shares of common stock outstanding during the applicable period, adjusted for restricted stock. In addition to restricted stock, the calculation of diluted loss per share takes into account the effect of dilutive potential common stock, such as stock warrants and stock options.

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | |
| Numerator: | | | | |
| Net loss attributable to Visteon common shareholders | $ (38) | $ (188) | $ (148) | $ (335) |
| Denominator: | | | | |
| Average common stock outstanding | 130.4 | 130.6 | 130.4 | 130.4 |
| Less: Average restricted stock outstanding | (1.0) | (1.2) | (1.0) | (0.9) |
| Basic and diluted shares | 129.4 | 129.4 | 129.4 | 129.5 |
| Loss per share: | | | | |
| Basic and diluted loss per share | $ (0.29) | $ (1.45) | $ (1.14) | $ (2.59) |

For the three and nine months ended September 30, 2009, stock options to purchase approximately 11 million of common stock and stock warrants to purchase 25 million shares of common stock were not included in the computation of diluted loss per share as the effect of including them would have been anti-dilutive. Stock warrants to purchase 25 million shares of common stock and stock options to purchase approximately 12 million and 13 million shares, respectively, of common stock for the three and nine months ended September 30, 2008 were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

**NOTE 16. Fair Value Measurements**

Financial assets and liabilities are categorized, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs.

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.
- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.
- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

**NOTE 16. Fair Value Measurements — (Continued)**

The following table presents the Company's fair value hierarchy, all of which are Level 2, "Other Observable Inputs," for those assets and liabilities measured at fair value on a recurring basis.

| | September 30 2009 | December 31 2008 |
|---|---|---|
| | (Dollars in Millions) | |
| Assets | | |
| Interest rate swaps | $ — | $ 17 |
| Foreign currency instruments | 4 | 15 |
| | $ 4 | $ 32 |
| Liabilities | | |
| Foreign currency instruments | $ — | $ 11 |

*Valuation Methods*

Interest rate swaps and foreign currency hedge instruments are valued under an income approach using industry-standard models that consider various assumptions, including time value, volatility factors, current market and contractual prices for the underlying and non-performance risk. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

**NOTE 17. Financial Instruments**

The Company is exposed to various market risks including, but not limited to, changes in foreign currency exchange rates and market interest rates. The Company manages these risks through the use of derivative financial instruments. The Company's use of derivative financial instruments is limited to hedging activities and such instruments are not used for speculative or trading purposes. The use of derivative financial instruments creates exposure to credit loss in the event of nonperformance by the counterparty to the derivative financial instruments. The Company limits this exposure by entering into agreements directly with a variety of major financial institutions with high credit standards that are expected to fully satisfy their obligations under the contracts. Additionally, the Company's ability to utilize derivatives to manage risks is dependent on credit and market conditions.

*Foreign Currency Exchange Rate Risk*

The Company's net cash inflows and outflows exposed to the risk of changes in foreign currency exchange rates arise from the sale of products in countries other than the manufacturing source, foreign currency denominated supplier payments, debt and other payables, subsidiary dividends and investments in subsidiaries. Where possible, the Company utilizes derivative financial instruments, including forward and option contracts, to protect the Company's cash flow from changes in exchange rates. Foreign currency exposures are reviewed monthly and any natural offsets are considered prior to entering into a derivative financial instrument. The Company's primary foreign currency exposures include the Euro, Korean Won, Czech Koruna, Hungarian Forint and Mexican Peso. Where possible, the Company utilizes a strategy of partial coverage for transactions in these currencies.

During the three months ended June 30, 2009 all foreign currency forward contracts entered into by the Debtors were terminated or settled for a gain of approximately $4 million, which was recorded as an adjustment to "Accumulated other comprehensive income" and will be reclassified to the consolidated statement of operations when the hedged transactions affect results of operations. As of September 30,

**NOTE 17. Financial Instruments — (Continued)**

2009 and December 31, 2008, the Company had forward contracts designated as hedges related to changes in foreign currency exchange rates with notional amounts of approximately $80 million and $350 million, respectively. Estimates of the fair values of these contracts are based on quoted market prices.

*Interest Rate Risk*

During the three months ended June 30, 2009, the Company's interest rate swaps with a notional amount of $125 million related to a portion of the 8.25% notes due August 1, 2010 were terminated by the counterparty. These interest rate swaps had been designated as fair value hedges, resulting in a loss of approximately $3 million, which was recorded as a valuation adjustment of the underlying debt. The counterparty also terminated interest rate swaps with a notional amount of $100 million related to a portion of the $1 billion seven-year term loan due 2013; these interest rate swaps had been designated as cash flow hedges. As the underlying interest payments were not probable of occurring, a loss of approximately $3 million was recorded as interest expense.

On March 30, 2009 the Company entered into an agreement to terminate interest rate swaps with a notional amount of $225 million related to a portion of the 7.00% notes due March 10, 2014. These interest rate swaps had been designated as fair value hedges and during the three months ended June 30, 2009 were settled for a gain of $18 million, which was recorded as a valuation adjustment of the underlying debt. The Company also terminated interest rate swaps with a notional amount of $100 million related to a portion of the $1 billion seven-year term loan due 2013. These interest rate swaps had been designated as cash flow hedges and during the three months ended March 31, 2009 were settled for a loss of $10 million, which was recorded as an adjustment to "Accumulated other comprehensive income." As of the Petition Date, the underlying interest payments were no longer probable of occurring therefore, this loss was recorded as interest expense.

As of December 31, 2008, the Company had interest rate swaps designated as hedges of forecasted cash flows related to future interest payments for a portion of the $1 billion seven-year term loan due June 13, 2013 ($200 million). These interest rate swaps effectively converted the designated portion of the seven-year term loan from a variable rate instrument to a fixed rate instrument in connection with the Company's risk management policies. The notional amount of these interest rate swaps was $200 million at December 31, 2008.

As of December 31, 2008, the Company had interest rate swaps designated as hedges of the fair value of a portion of the 8.25% notes due August 1, 2010 ($125 million) and a portion of the 7.00% notes due March 10, 2014 ($225 million). These interest rate swaps effectively converted the designated portions of these notes from fixed interest rate to variable interest rate instruments in connection with the Company's risk management policies. The Company estimated the fair value of these interest rate swaps based on quoted market prices. The notional amount of these interest rate swaps was approximately $350 million at December 31, 2008.

*Accounting for Derivative Financial Instruments*

Criteria used to determine whether hedge accounting treatment is appropriate include the designation of the hedging financial instrument to an underlying exposure, reduction of overall risk and a highly effective relationship between the hedging financial instrument and the hedged item or transaction.

At inception, the Company formally designates and documents the financial instrument as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the

**NOTE 17. Financial Instruments — (Continued)**

hedge transactions. The Company formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposure. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument's change in fair value is immediately recognized in operating results. Derivatives not designated as a hedge are adjusted to fair value through operating results.

The Company recognizes all derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value. The fair values of derivatives used to hedge the Company's risks fluctuate over time, generally in relation to the fair values or cash flows of the underlying hedged transactions or exposures. The accounting for changes in fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. At the inception of the hedging relationship, the Company must designate the instrument as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign operation. This designation is based upon the exposure being hedged.

Derivative instruments that are designated and qualify as cash flow hedges of forecasted transactions are reflected as other assets or liabilities in the Company's consolidated balance sheets. Changes in the fair value of cash flow hedges are initially recorded as a component of "Accumulated other comprehensive income" and reclassified to the consolidated statement of operations when the hedged transactions affect results of operations. At this time, a gain or loss on the cash flow hedge is recognized representing the excess of the cumulative change in the present value of future cash flows of the hedged item. Any ineffective portion of a cash flow hedge is immediately recognized in operating results.

Interest rate swaps that are designated and qualify as fair value hedges are reflected as other non-current assets or liabilities in the Company's consolidated balance sheets. Changes in the fair value of these interest rate swaps are recorded as a direct adjustment to the underlying debt. The adjustment does not affect the results of operations unless the contract is terminated, in which case the resulting cash flow is offset by a valuation adjustment of the underlying debt and is amortized to interest expense over the remaining life of the debt.

*Financial Statement Presentation*

The Company presents its derivative positions and any related material collateral under master netting agreements on a net basis. Derivative financial instruments designated as hedging instruments are included in the Company's consolidated balance sheets at September 30, 2009 and December 31, 2008 as follows:

| | Assets | | | Liabilities | | |
|---|---|---|---|---|---|---|
| Risk Hedged | Classification | 2009 | 2008 | Classification | 2009 | 2008 |
| | | (Dollars in Millions) | | | | |
| Foreign currency | Other current assets | $ 4 | $ 16 | Other current assets | $ — | $ 1 |
| Foreign currency | | | | Other current liabilities | — | 11 |
| Interest rates | Other non-current assets | — | 25 | Other non-current liabilities | — | 8 |
| | | $ 4 | $ 41 | | $ — | $ 20 |

**NOTE 17. Financial Instruments — (Continued)**

The impact of derivative financial instruments on the Company's financial statements, as recorded in "Cost of sales" and "Interest expense" for the three months ended September 30, 2009 and September 30, 2008 is as follows:

| | Amount of Gain (Loss) | | | | | |
|---|---|---|---|---|---|---|
| | Recorded in AOCI | | Reclassified from AOCI into Income | | Recorded in Income | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | | | |
| Foreign currency risk | | | | | | |
| Cash flow hedges | $ — | $ (7) | $ 5 | $ 15 | $ — | $ — |
| Non-designated cash flow hedges | — | — | — | — | 1 | (5) |
| | $ — | $ (7) | $ 5 | $ 15 | $ 1 | $ (5) |
| Interest rate risk | | | | | | |
| Fair value hedges | $ — | $ — | $ — | $ — | $ — | $ 1 |
| Cash flow hedges | — | — | — | (1) | — | — |
| | $ — | $ — | $ — | $ (1) | $ — | $ 1 |

The impact of derivative financial instruments on the Company's financial statements, as recorded in "Cost of sales" and "Interest expense" for the nine months ended September 30, 2009 and September 30, 2008 is as follows:

| | Amount of Gain (Loss) | | | | | |
|---|---|---|---|---|---|---|
| | Recorded in AOCI | | Reclassified from AOCI into Income | | Recorded in Income | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | | | |
| Foreign currency risk | | | | | | |
| Cash flow hedges | $ (1) | $ (2) | $ (2) | $ 9 | $ — | $ — |
| Non-designated cash flow hedges | — | — | — | — | 2 | (2) |
| | $ (1) | $ (2) | $ (2) | $ 9 | $ 2 | $ (2) |
| Interest rate risk | | | | | | |
| Fair value hedges | $ — | $ — | $ — | $ — | $ 2 | $ 1 |
| Cash flow hedges | 7 | 2 | (15) | (2) | — | — |
| | $ 7 | $ 2 | $ (15) | $ (2) | $ 2 | $ 1 |

*Concentrations of Credit Risk*

Financial instruments, including cash equivalents, marketable securities, derivative contracts and accounts receivable, expose the Company to counterparty credit risk for non-performance. The Company's counterparties for cash equivalents, marketable securities and derivative contracts are banks and financial institutions that meet the Company's requirement of high credit standing. The Company's counterparties for derivative contracts are substantial investment and commercial banks with significant experience using such derivatives. The Company manages its credit risk through policies requiring minimum credit standing and limiting credit exposure to any one counterparty and through monitoring counterparty credit risks. The Company's concentration of credit risk related to derivative contracts at September 30, 2009 was not significant.

**NOTE 17. Financial Instruments — (Continued)**

With the exception of the customers below, the Company's credit risk with any individual customer does not exceed ten percent of total accounts receivable at September 30, 2009 and December 31, 2008, respectively.

| | September 30 2009 | December 31 2008 |
|---|---|---|
| Ford and affiliates | 21% | 18% |
| Hyundai Motor Company | 15% | 13% |
| Hyundai Mobis Company | 11% | 10% |
| PSA Peugeot Citroën | 6% | 16% |

Management periodically performs credit evaluations of its customers and generally does not require collateral.

**NOTE 18. Commitments and Contingencies**

Contingencies are subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. Accruals have been established by the Company for matters where losses are deemed probable and reasonably estimable. It is possible, however, that some of the matters could be decided unfavorably to the Company and could require the Company to pay damages or make other expenditures in amounts, or a range of amounts, that cannot be estimated at September 30, 2009 or that are in excess of established accruals. The Company does not reasonably expect, except as otherwise described herein, based on its analysis, that any adverse outcome from such matters would have a material effect on the Company's financial condition, results of operations or cash flows, although such an outcome is possible.

*Guarantees*

The Company has guaranteed approximately $36 million for lease payments. In connection with the January 2009 PBGC Agreement, the Company agreed to provide a guarantee by certain affiliates of certain contingent pension obligations of up to $30 million.

*Litigation and Claims*

On May 28, 2009, the Debtors filed voluntary petitions in the Court seeking reorganization relief under the provisions of chapter 11 of the Bankruptcy Code. The Debtors' chapter 11 cases have been assigned to the Honorable Christopher S. Sontchi and are being jointly administered as Case No. 09-11786. The Debtors continue to operate their business as debtors-in-possession under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Court. Refer to Note 4, "Voluntary Reorganization under Chapter 11 of the United States Bankruptcy Code," for details on the chapter 11 cases.

On March 31, 2009, Visteon UK Limited, a company organized under the laws of England and Wales and an indirect, wholly-owned subsidiary of the Company, filed for administration under the United Kingdom Insolvency Act of 1986 with the High Court of Justice, Chancery division in London, England. The UK Administration does not include the Company or any of the Company's other subsidiaries. The UK Administration is discussed in Note 1, "Description of the Business and Company Background."

**NOTE 18. Commitments and Contingencies — (Continued)**

*Product Warranty and Recall*

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

The following table provides a reconciliation of changes in product warranty and recall liability for the nine months ended September 30, 2009 and 2008:

| | Product Warranty and Recall | |
|---|---|---|
| | 2009 | 2008 |
| | (Dollars in Millions) | |
| Beginning balance | $ 100 | $ 108 |
| Accruals for products shipped | 20 | 33 |
| Changes in estimates | (7) | 9 |
| Settlements | (21) | (44) |
| Ending balance | $ 92 | $ 106 |

*Environmental Matters*

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

The Company is aware of contamination at some of its properties and relating to various third-party superfund sites at which the Company or its predecessor has been named as a potentially responsible party. The Company is in various stages of investigation and cleanup at these sites and at September 30, 2009, had recorded an accrual of approximately $4 million for this environmental investigation and cleanup. However, estimating liabilities for environmental investigation and cleanup is complex and dependent upon a number of factors beyond the Company's control and which may change dramatically. Although the Company believes its accrual is adequate based on current information, the Company cannot provide assurance that the eventual environmental investigation, cleanup costs and related liabilities will not exceed the amount of its current accrual.

**NOTE 18. Commitments and Contingencies — (Continued)**

*Other Contingent Matters*

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

Under section 362 of the Bankruptcy Code, the filing of a bankruptcy petition automatically stays most actions against a debtor, including most actions to collect pre-petition indebtedness or to exercise control over the property of the debtor's estate. Absent an order of the Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization.

Under section 365 of the Bankruptcy Code, the Debtors may assume, assume and assign or reject certain executory contracts and unexpired leases, subject to the approval of the Court and certain other conditions. In general, if the Debtors reject an executory contract or unexpired lease, it is treated as a pre-petition breach of the lease or contract in question and, subject to certain exceptions, relieves the Debtors of performing any future obligations. However, such a rejection entitles the lessor or contract counterparty to a pre-petition general unsecured claim for damages caused by such deemed breach and accordingly, the counterparty may file a claim against the Debtors for such damages. In addition, the Debtor's plan of reorganization will determine the rights and satisfaction of claims of various creditors and security holders, but the ultimate settlement of those claims will continue to be subject to the uncertain outcome of litigation, negotiations and Court decisions up to and for a period of time after a plan of reorganization is confirmed. At this time, it is not possible to predict with certainty the effect of the Chapter 11 Proceedings on the Company's business.

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

**NOTE 19. Segment Information**

Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision-maker, or a decision-making group, in deciding the allocation of resources and in assessing performance. The Company's chief operating decision making group, comprised of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluates the performance of the Company's segments primarily based on net sales, before elimination of inter-company shipments, gross margin and operating assets. Gross margin is defined as total sales less costs to manufacture and product development and engineering expenses. Operating assets include inventories and property and equipment utilized in the manufacture of the segments' products.

**NOTE 19. Segment Information — (Continued)**

The Company's operating structure is comprised of the following: Climate, Electronics and Interiors. These global product groups have financial and operating responsibility over the design, development and manufacture of the Company's product portfolio. Within each of the global product groups, certain facilities manufacture a broader range of the Company's total product line offering and are not limited to the primary product line. Global customer groups are responsible for the business development of the Company's product portfolio and overall customer relationships. Certain functions such as procurement, information technology and other administrative activities are managed on a global basis with regional deployment. In addition to these global product groups, the Company also operates Visteon Services, a centralized administrative function to monitor and facilitate transactions primarily with ACH for the costs of leased employees and other services provided by the Company.

*Overview of Segments*

- *Climate:* The Climate product group includes facilities that primarily manufacture climate air handling modules, powertrain cooling modules, heat exchangers, compressors, fluid transport and engine induction systems.
- *Electronics:* The Electronics product group includes facilities that primarily manufacture audio systems, infotainment systems, driver information systems, powertrain and feature control modules, climate controls, electronic control modules and lighting.
- *Interiors:* The Company's Interiors product group includes facilities that primarily manufacture instrument panels, cockpit modules, door trim and floor consoles.
- *Services:* The Company's Services operations supply leased personnel and transition services pursuant to the ACH Transactions and other divestitures.

*Segment Net Sales and Gross Margin*

| | Net Sales | | | | Gross Margin | | | |
|---|---|---|---|---|---|---|---|---|
| | Three Months Ended September 30 | | Nine Months Ended September 30 | | Three Months Ended September 30 | | Nine Months Ended September 30 | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (Dollars in Millions) | | | | | | | |
| Climate | $ 678 | $ 704 | $ 1,760 | $ 2,521 | $ 76 | $ 30 | $ 155 | $ 191 |
| Electronics | 557 | 762 | 1,512 | 2,745 | 23 | 10 | 53 | 221 |
| Interiors | 504 | 619 | 1,322 | 2,334 | 16 | — | 30 | 39 |
| Other | — | 20 | — | 254 | — | 2 | — | 15 |
| Eliminations | (67) | (95) | (145) | (324) | — | — | — | — |
| | 1,672 | 2,010 | 4,449 | 7,530 | 115 | 42 | 238 | 466 |
| Services | 61 | 110 | 205 | 361 | 1 | 1 | 3 | 3 |
| | $ 1,733 | $ 2,120 | $ 4,654 | $ 7,891 | $ 116 | $ 43 | $ 241 | $ 469 |

VISTEON CORPORATION AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**NOTE 19. Segment Information — (Continued)**

*Segment Operating Assets*

| | Inventories, net | | Property and Equipment, net | |
|---|---|---|---|---|
| | September 30 2009 | December 31 2008 | September 30 2009 | December 31 2008 |
| | (Dollars in Millions) | | | |
| Climate | $ 171 | $ 172 | $ 785 | $ 817 |
| Electronics | 126 | 131 | 610 | 626 |
| Interiors | 55 | 43 | 284 | 298 |
| Other | — | — | 1 | 1 |
| Central/Elimination | 8 | 8 | — | — |
| | 360 | 354 | 1,680 | 1,742 |
| Reconciling Item | | | | |
| Corporate | — | — | 359 | 420 |
| | $ 360 | $ 354 | $ 2,039 | $ 2,162 |

*Reconciling Item and Reclassification*

Certain adjustments are necessary to reconcile segment information to the Company's consolidated amounts. Corporate reconciling items are related to the Company's technical centers, corporate headquarters and other administrative and support functions. Segment information for the three and nine-month periods ended September 30, 2009 and as of December 31, 2008 has been recast to reflect the remaining Other product group operations in the Company's Climate, Electronics and Interiors product groups. These operations have been reclassified consistent with the Company's current management reporting structure. All other facilities associated with the Company's Other product group have been either divested or closed.

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

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations, financial condition and cash flows of Visteon Corporation ("Visteon" or the "Company"). MD&A is provided as a supplement to, and should be read in conjunction with, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as filed with the Securities and Exchange Commission on March 31, 2009 and the financial statements and accompanying notes to the financial statements included elsewhere herein. The financial data presented herein are unaudited, but in the opinion of management reflect all adjustments, including normal recurring adjustments necessary for a fair presentation of such information.

### Executive Summary

Visteon Corporation is a leading global supplier of climate, interiors and electronics systems, modules and components to global automotive original equipment manufacturers ("OEMs") including BMW, Chrysler Group LLC, Daimler AG, Fiat, Ford, General Motors, Honda, Hyundai / Kia, Nissan, PSA Peugeot Citroën, Renault, Toyota and Volkswagen. The Company has a broad network of manufacturing, technical engineering and joint venture operations in every major geographic region of the world, supported by approximately 30,000 employees dedicated to the design, development, manufacture and support of its product offering and its global customers. The Company conducts its business across four segments: Climate, Interiors, Electronics and Services.

*Reorganization under Chapter 11 of the U.S. Bankruptcy Code*

On May 28, 2009, Visteon and certain of its U.S. subsidiaries (the "Debtors") filed voluntary petitions for reorganization relief under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Court"). The reorganization cases are being jointly administered as Case No. 09-11786 under the caption "In re Visteon Corporation, et al" (hereinafter referred to as the "Chapter 11 Proceedings"). The Debtors continue to operate their businesses as "debtors-in-possession" ("DIP") under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Court. The Company's other subsidiaries, primarily non-U.S. subsidiaries, have been excluded from the Chapter 11 Proceedings and continue to operate their businesses without supervision from the Court and are not subject to the requirements of the Bankruptcy Code.

The Chapter 11 Proceedings were initiated in response to sudden and severe declines in global automotive production during the latter part of 2008 and early 2009 and the adverse impact on the Company's cash flows and liquidity. Under the Chapter 11 Proceedings, the Debtors expect to develop and implement a plan to restructure their capital structure to reflect the current automotive industry demand. Under section 362 of the Bankruptcy Code, the filing of a bankruptcy petition automatically stays most actions against a debtor, including most actions to collect pre-petition indebtedness or to exercise control over the property of the debtor's estate. Absent an order of the Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization. Subsequent to the petition date, the Debtors received approval from the Court to pay or otherwise honor certain pre-petition obligations generally designed to stabilize the Debtors' operations including employee obligations, tax matters and from limited available funds, pre-petition claims of certain critical vendors, certain customer programs, limited foreign business operations, adequate protection payments and certain other pre-petition claims. The Debtors have been paying and intend to continue to pay undisputed post-petition claims in the ordinary course of business.

To successfully emerge from chapter 11, in addition to obtaining exit financing, the Court must confirm a plan of reorganization, the filing of which will depend upon the timing and outcome of numerous ongoing matters in the Chapter 11 Proceedings. The Debtors currently expect to file a plan of reorganization that provides for the Debtors' emergence from bankruptcy in early to mid 2010, but there can be no assurance that the Court will confirm the Company's plan of reorganization or that any such plan will be implemented successfully. On October 7, 2009 the Court entered an order extending the Debtors' exclusive period to file a chapter 11 plan of reorganization until December 10, 2009 and to solicit votes to accept a proposed chapter 11 plan of reorganization until February 10, 2010.

The Company's plan of reorganization will determine the rights and satisfaction of claims of various creditors and security holders. At this time, it is not possible to predict with certainty the effect of the Chapter 11 Proceedings on the Company's business. The Debtors will include estimates of expected claims dispositions in the plan of reorganization, but the ultimate settlement of those claims will continue to be subject to the uncertain outcome of litigation, negotiations and Court decisions up to and for a period of time after a plan of reorganization is confirmed. The Company believes that its presently outstanding equity securities will have no value and will be canceled under any plan of reorganization. For this reason, the Company urges that caution be exercised with respect to existing and future investments in any security of the Company.

The Debtors are currently funding post-petition operations under a temporary cash collateral order from the Court. There can be no assurance that such cash collateral funds will be sufficient to meet the Debtors ongoing cash needs or that the Debtors will be successful in extending the duration of the cash collateral order with the Court to continue operating as debtors-in-possession absent an approved DIP financing arrangement.

The Debtors continue to work with their customers on a global basis to facilitate the reorganization of the Company's business. During July 2009, the Company executed support agreements with certain European customers that provide for, among other things, accelerated payment terms, price increases, restructuring cost reimbursements and settlement payments for invested research and engineering costs and other unrecovered amounts. During the three-month period ended September 30, 2009 the Company received non-refundable settlement payments of approximately $40 million in connection with these agreements and anticipates receipt of additional non-refundable settlement payments of approximately $30 million on or before each of June 30, 2010 and June 30, 2011, subject to the terms and conditions of these agreements. The Company recorded $9 million of revenue associated with these settlement payments during the third quarter of 2009, with $31 million deferred on the balance sheet at September 30, 2009. Additionally, during July 2009, the Debtors sold their 80% interest in Halla Climate Systems Alabama Corp. ("Halla Alabama") to the Debtors' 70% owned joint venture, Halla Climate Control Corporation under Bankruptcy Code Section 363 for cash proceeds to the Debtors' of $37 million.

On September 17, 2009, the Debtors filed a motion with the Court seeking authority to enter into a customer accommodation agreement and related access and security agreement (together, the "GM Accommodation Agreement") with General Motors Corporation ("GM"). Pursuant to the GM Accommodation Agreement, GM has agreed to, among other things, pay approximately $8 million in cash surcharge payments above the purchase order price for GM component parts produced; reimburse up to $10 million for restructuring costs associated with the consolidation of certain of the Company's Mexican facilities; reimburse $4 million of engineering, design and development support costs; accelerate payment terms; reimburse the Company for costs associated with the wind-down of operations related to the production of interior and fuel tank GM component parts; and pay approximately $8 million in cure payments in connection with the assumption and assignment of purchase orders with the Company in the Motors Liquidation Company (f/k/a General Motors Corporation) chapter 11 case.

In exchange for these benefits, the Company agreed to continue producing and delivering component parts to GM during the term of the GM Accommodation Agreement as well as provide considerable assistance to GM in re-sourcing production to other suppliers. Also, the Company agreed to build an inventory bank for GM, provided GM pays for such inventory on an accelerated basis and covers the Company's out-of-pocket expenses in maintaining and handling the inventory. In addition, the GM Accommodation Agreement grants GM an option to purchase equipment and tooling owned by the Company that is exclusively used to manufacture GM component parts, provides GM with a right to access the Company's facilities if the Company ceases production and grants to GM a security interest in certain operating assets that would be necessary for GM component part production. In general, the rights and benefits inuring to the Company and GM pursuant to the GM Accommodation Agreement expire on the earlier of the date that resourcing of production is completed or March 31, 2010. The Court entered an order approving the Debtors motion with respect to the GM Accommodation Agreement on October 7, 2009.

On October 2, 2009, the Debtors filed a motion with the Court seeking authority to enter into a customer accommodation agreement and related access and security agreement (together, the "Chrysler Accommodation Agreement") with Chrysler Group LLC ("Chrysler"). The effectiveness of the Chrysler Accommodation Agreement is contingent upon approval by the Court. Pursuant to the Chrysler Accommodation Agreement, Chrysler has agreed to, among other things, pay surcharge payments to the Company above the purchase order price for Chrysler component parts produced by the Company in an aggregate amount of $13 million; pay approximately $5 million for the purchase of certain tooling used at the Company's Saltillo, Mexico facility to manufacture Chrysler component parts; purchase certain designated equipment and tooling exclusively used to manufacture Chrysler component parts at the Company's Highland Park, Michigan and Saltillo, Mexico facilities; reimburse the Company for certain costs associated with the wind-down of certain lines of Chrysler component part production; accelerate payment terms; and pay approximately $13 million to the Company as cure payments in connection with the assumption and assignment of purchase orders with the Company in the Old Carco LLC (f/k/a Chrysler LLC) chapter 11 case.

In exchange for these benefits, the Company will continue to produce and deliver component parts to Chrysler during the term of the Chrysler Accommodation Agreement, as well as provide assistance to Chrysler in re-sourcing certain lines of production. The Company also has agreed to build an inventory bank for Chrysler, provided that Chrysler will pay for such parts in accordance with the payment terms set forth in the Chrysler Accommodation Agreement and will cover the Company's incremental costs incurred in the production of such parts to the extent such costs exceed purchase order prices. The Company will also grant Chrysler an option to purchase certain machinery and equipment exclusively used to manufacture Chrysler component parts, and has agreed to seek Court approval for the sale of the Company's Highland Park, Michigan and Saltillo, Mexico facilities as going concerns if Chrysler designates such facilities for sale prior to the termination date of the Chrysler Accommodation Agreement. The Chrysler Accommodation Agreement provides Chrysler with a right to access the Company's facilities if the Company ceases production and grants to Chrysler a security interest in certain operating assets that would be necessary for Chrysler component part production. In general, the rights and benefits inuring to the Company and Chrysler pursuant to the Chrysler Accommodation Agreement expire on the earlier of the date that resourcing of production is completed or March 31, 2010.

On October 23, 2009, the Debtors filed a motion with the Court seeking authority to, among other things, enter into (i) a customer accommodation agreement and related access and security agreement (together, the "Nissan Accommodation Agreement") with Nissan North America, Inc. ("Nissan"), and (ii) an asset purchase agreement (the "Nissan Purchase Agreement") among the Company, GCM-Visteon Automotive Systems, LLC, GCM-Visteon Automotive Leasing Systems, LLC, MIG-Visteon Automotive Systems, LLC, and VC Regional Assembly & Manufacturing, LLC (collectively, the "Sellers"), Haru Holdings, LLC (the "Buyer") and Nissan. The effectiveness of the Nissan Accommodation Agreement is contingent upon approval by the Court.

Pursuant to the Nissan Purchase Agreement, the Sellers have agreed to sell to the Buyer certain assets, intellectual property, agreements and rights (the “Assets”) primarily related to the Sellers’ automobile cockpit module, front end module, and interior manufacturing and assembly businesses located at their plants in LaVergne, Tennessee, Smyrna, Tennessee, Tuscaloosa, Alabama, and Canton, Mississippi, as well as certain other direct-shipment sourcing arrangements. The Nissan Purchase Agreement provides that the Buyer will make the following payments to the Sellers:

- $11 million, representing the orderly liquidation value of the facilities and related equipment being sold in accordance with the Nissan Purchase Agreement;
- An amount equal to the orderly liquidation value of certain off-site tooling;
- An agreed upon purchase order amount for certain of the Sellers’ inventory;
- A $20 million cash surcharge payment, to be paid in six installments subject to certain conditions;
- Costs to cure assumed contracts; and
- Reimbursement for costs associated with the wind-down and transition of the Assets.

The amounts of these payments are subject to adjustment in accordance with the Nissan Purchase Agreement. The Nissan Purchase Agreement also contains customary representations, warranties, indemnities, covenants and conditions to closing, including the approval of the Court.

Pursuant to the Nissan Accommodation Agreement, Nissan has agreed to, among other things, accelerate its payment terms on outstanding purchase orders, limit its ability to set-off against accounts receivables owing to the Company and forbear from re-sourcing component parts to a third party supplier during the term of the Nissan Accommodation Agreement. The Company will, among other things, continue to produce and deliver component parts to Nissan during the term of the Nissan Accommodation Agreement and will build an inventory bank for Nissan at its request (provided that Nissan will pay for such inventory bank parts on an accelerated basis and will also cover the Company’s out-of-pocket expenses in maintaining and handling the inventory). The Company will also provide assistance and cooperation to Nissan in preparing for and carrying out the transition of various production lines to other suppliers in the event the Company defaults. Also, the Nissan Accommodation Agreement provides Nissan with an access right to certain facilities if the Company fails maintain continuity of supply as required.

On October 28, 2009, the Debtors filed a motion with the Court seeking authority to enter into a Letter of Credit Reimbursement and Security Agreement that provides for a committed $40 million letter of credit facility that expires on September 30, 2010 (“LOC Facility”). Amounts drawn under the LOC Facility would be subject to a fee of 0.65% per annum of the outstanding balance and would be secured by cash collateral. Amounts undrawn would be subject to a fee of 0.40% per annum of the undrawn balance.

On October 28, 2009, the Debtors filed a motion with the Court seeking authority to borrow up to $150 million under the terms of a proposed senior secured super-priority priming debtor-in-possession credit and guarantee agreement (the “Proposed DIP Facility”) with certain pre-petition secured term loan lenders (the “DIP Lenders”) and Wilmington Trust Company, as administrative agent. Borrowings under the Proposed DIP Facility would be used to finance working capital, capital expenditures and other general corporate purposes in accordance with an approved budget.

*Visteon UK Limited Administration*

On March 31, 2009, in accordance with the provisions of the United Kingdom Insolvency Act of 1986 and pursuant to a resolution of the board of directors of Visteon UK Limited, a company organized under the laws of England and Wales (the "UK Debtor") and an indirect, wholly-owned subsidiary of the Company, representatives from KPMG (the "Administrators") were appointed as administrators in respect of the UK Debtor (the "UK Administration"). The UK Administration was initiated in response to continuing operating losses of the UK Debtor and mounting labor costs and their related demand on the Company's cash flows, and does not include the Company or any of the Company's other subsidiaries. The effect of the UK Debtor's entry into administration was to place the management, affairs, business and property of the UK Debtor under the direct control of the Administrators. Since their appointment, the Administrators have wound down the business of UK Debtor and closed its operations in Enfield, UK, Basildon, UK and Belfast, UK, and made the employees redundant. The Administrators continue to realize the UK Debtor's assets, comprising primarily of receivables.

The UK Debtor recorded sales, negative gross margin and net loss of $32 million, $7 million and $10 million, respectively for the three months ended March 31, 2009. As of March 31, 2009, total assets of $64 million, total liabilities of $132 million and related amounts deferred as "Accumulated other comprehensive income" of $84 million, were deconsolidated from the Company's balance sheet resulting in a deconsolidation gain of $152 million. The Company also recorded $57 million for contingent liabilities related to the UK Administration, including $45 million of costs associated with former employees of the UK Debtor, for which the Company was reimbursed from the escrow account on a 100% basis.

Additional amounts related to these items or other contingent liabilities for potential claims under the UK Administration, which may result from (i) negotiations; (ii) actions of the Administrators; (iii) resolution of contractual arrangements, including unexpired leases; (iv) material adverse developments; or other events, may be recorded in future periods. No assurance can be provided that the Company will not be subject to future litigation and/or liabilities related to the UK Administration. Additional liabilities, if any, will be recorded when they become probable and estimable and could materially affect the Company's results of operations and financial condition in future periods.

*Summary Financial Results for the Three Months Ended September 30, 2009*

Financial results for the three-month period ended September 30, 2009 are summarized as follows:

- Net sales of $1.73 billion for the three-month period ended September 30, 2009 decreased by $387 million when compared to $2.12 billion for the same period in 2008.
- Gross margin increased $73 million during the three months ended September 30, 2009 when compared to the same period in 2008.
- Selling, general and administrative expenses of $95 million for the three months ended September 30, 2009, were lower by $43 million or 31% when compared to $138 million for the same period in 2008.
- Net loss of $23 million for the three months ended September 30, 2009 was $158 million lower when compared to a net loss of $181 million for the same period in 2008.

Recessionary economic conditions continued to suppress global consumer demand for automobiles, which resulted in lower customer production volumes for the third quarter 2009 when compared to the same period of 2008. The Company recorded total sales of $1.73 billion for the three months ended September 30, 2009, including product sales of $1.67 billion. Product sales decreased by $338 million, when compared to the same period in 2008, including $202 million primarily due to lower production volumes affecting all major customers in Europe, North America, and South America, $92 million related to divestitures and closures and $128 million of unfavorable currency primarily related to the Euro and Korean Won. These reductions were partially offset by a sales increase of $93 million in Asia Pacific resulting from increased Hyundai/Kia production volumes primarily related to the non-recurrence of a 2008 labor disruption. For the three months ended September 30, 2009, product sales on a regional basis included North America — $396 million; Europe — $615 million; and Asia — $628 million.

The Company's gross margin was $116 million in the third quarter of 2009, compared with $43 million for the same period in 2008, representing an increase of $73 million. The increase in gross margin primarily reflects the benefit of the Company's significant cost reduction and restructuring efforts and favorable Asia Pacific production, which were partially offset by lower production volumes and sourcing in Europe, North America and South America, plant divestitures and closures and the non-recurrence of certain pension curtailments/settlement gains.

The Company's cash and equivalents balance was $712 million as of September 30, 2009. Cash and equivalents decreased by $468 million during the nine months ended September 30, 2009 due to operating cash use of $151 million related to trade working capital outflow and restructuring cash payments; $93 million investing cash use primarily attributable to capital expenditures and cash attributable to the deconsolidation of Visteon UK Limited; $245 million financing cash use resulting from the restricted use of $102 million of cash balances and $143 million net debt payments and other; and $21 million increase from effect of exchange rate changes on cash.

**Results of Operations**

*Three Months Ended September 30, 2009 and 2008*

| | Net Sales | | | Gross Margin | | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| | (Dollars in Millions) | | | | | |
| Climate | $ 678 | $ 704 | $ (26) | $ 76 | $ 30 | $ 46 |
| Electronics | 557 | 762 | (205) | 23 | 10 | 13 |
| Interiors | 504 | 619 | (115) | 16 | — | 16 |
| Other | — | 20 | (20) | — | 2 | (2) |
| Eliminations | (67) | (95) | 28 | — | — | — |
| | 1,672 | 2,010 | (338) | 115 | 42 | 73 |
| Services | 61 | 110 | (49) | 1 | 1 | — |
| | $ 1,733 | $ 2,120 | $ (387) | $ 116 | $ 43 | $ 73 |

Net sales decreased $387 million during the three months ended September 30, 2009 when compared to the same period of 2008, consisting of a $338 million decrease in product sales and a $49 million decrease in services revenues. The decrease was attributable to a $202 million decline due to production volumes and customer sourcing actions in Europe, North America and South America, $92 million associated with facility divestitures and closures, $128 million of unfavorable currency primarily related to the Euro and Korean Won and net customer price reductions. These reductions were partially offset by a sales increase of $93 million in Asia Pacific, primarily related to the non-recurrence of a third quarter 2008 Hyundai/Kia labor disruption.

Net sales for Climate were $678 million for the three months ended September 30, 2009, compared with $704 million for the same period of 2008, representing a decrease of $26 million. Sales in Asia increased $100 million, primarily related to higher Hyundai/Kia production volumes due to the non-recurrence of a third quarter 2008 labor disruption. This increase was more than offset by unfavorable currency of $55 million, primarily driven by the Korean Won, $17 million of divestitures and closures, $17 million of lower production in Europe due to recessionary conditions and net customer price reductions.

Net sales for Electronics were $557 million for the three months ended September 30, 2009, compared to $762 million for the same period of 2008, representing a decrease of $205 million. Vehicle production volume and mix and customer sourcing decreased sales $175 million, primarily in Europe and North America. Unfavorable currency of $26 million, primarily related to the Euro, and net customer pricing further reduced sales.

Net sales for Interiors were $504 million and $619 million for the three-month periods ended September 30, 2009 and 2008, respectively, representing a decrease of $115 million. Facility divestitures and closures in the UK and Spain decreased sales $61 million, lower production volumes in Europe decreased sales $49 million, and unfavorable currency related to the Euro, Korean Won and Brazilian Real decreased sales $48 million. These decreases were partially offset by an increase of $36 million in North America primarily related to higher Ford and Nissan production volumes, a $12 million increase in Asia Pacific primarily related to higher Hyundai/Kia production volumes and a $9 million customer settlement in Europe.

All remaining manufacturing facilities in the Other segment have either been divested, closed or reclassified consistent with the Company's current management reporting structure.

Services revenues primarily relate to information technology, engineering, administrative and other business support services provided by the Company to ACH at an amount that approximates cost. Total services revenues were $61 million for the three months ended September 30, 2009, compared with $110 million for the same period of 2008. The decrease in services revenue represents lower ACH utilization of the Company's services.

*Gross Margin*

The Company's gross margin was $116 million in the third quarter of 2009, compared with $43 million in the third quarter of 2008, representing an increase of $73 million for the three months ended September 30, 2009. This increase includes $131 million related to the Company's cost reduction efforts and savings associated with restructuring actions, $43 million of favorable currency, primarily related to the Euro and Korean Won, and $12 million related to higher production volumes in Asia Pacific. These increases were partially offset by a $63 million reduction related to lower production volumes and sourcing in Europe, North America and South America, a $15 million reduction related to plant divestitures and closures, the non-recurrence of $13 million in other postretirement benefit plans ("OPEB") curtailment gains in 2008, and $9 million of increased accelerated depreciation and amortization related to the Company's restructuring activities.

Gross margin for Climate was $76 million in the third quarter of 2009, compared with $30 million in the third quarter of 2008, representing an increase of $46 million for the three months ended September 30, 2009. The increase includes $18 million related to Asia production volumes primarily Hyundai/Kia, $19 million of favorable currency primarily related to the Korean Won, and $32 million related to net cost efficiencies achieved through manufacturing performance, purchasing improvement efforts and restructuring activities. These improvements were partially offset by lower production volumes in Europe, North America and South America and plant divestitures and closures.

Gross margin for Electronics was $23 million in the third quarter of 2009, compared with $10 million in the third quarter of 2008, representing an increase of $13 million for the three months ended September 30, 2009. The increase included net cost efficiencies achieved through manufacturing performance, purchasing improvement efforts and restructuring activities of $61 million and favorable currency of $16 million. Lower customer production volumes and sourcing reduced gross margin $52 million, while the non-recurrence of a $7 million favorable OPEB curtailment in 2008 further reduced margin.

Gross margin for Interiors was $16 million in the third quarter of 2009, compared with break even gross margin in the third quarter of 2008, representing an increase of $16 million for the three months ended September 30, 2009. The increase included net cost efficiencies achieved through manufacturing performance, purchasing improvement efforts and restructuring activities of $31 million and favorable currency of $8 million. Customer production declines and plant divestitures and closures reduced gross margin $11 million and the non-recurrence of an $11 million favorable customer settlement in 2008 further reduced margin.

During 2008 all facilities associated with the Company's Other segment were divested, closed, or reclassified consistent with the Company's current management reporting structure.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses were $95 million in the third quarter of 2009, compared with $138 million in the third quarter of 2008, representing a decrease of $43 million. The decrease includes $31 million related to net cost efficiencies resulting from the Company's ongoing restructuring activities, the non-recurrence of $6 million of 2008 expenses to implement those actions and $6 million of favorable foreign currency.

*Restructuring Expenses and Reimbursement from Escrow and Accommodation Agreements*

The following is a summary of the Company's consolidated restructuring reserves and related activity for the three months ended September 30, 2009. The Company's restructuring expenses are primarily related to employee severance and termination benefit costs.

| | Interiors | Climate | Electronics | Other | Total |
|---|---|---|---|---|---|
| | | | (Dollars in Millions) | | |
| June 30, 2009 | $ 23 | $ — | $ 6 | $ 1 | $ 30 |
| Expenses | 11 | — | 10 | 6 | 27 |
| Currency | 1 | — | — | — | 1 |
| Utilization | (10) | — | (2) | (4) | (16) |
| September 30, 2009 | $ 25 | $ — | $ 14 | $ 3 | $ 42 |

During the third quarter of 2009, the Company recorded $27 million in employee severance and termination benefit costs related to headcount reductions associated with the Chapter 11 Proceedings, including $11 million associated with approximately 160 employees at two European Interiors facilities, $6 million associated with approximately 60 employees at the Company's North American headquarters and $10 million associated with approximately 300 employees at a North American Electronics facility. The Company recorded $4 million for the reimbursement of restructuring costs associated with a European Interiors facility pursuant to a customer support agreement.

Utilization for the three months ended September 30, 2009 includes $12 million of payments for severance and other employee termination benefits and $4 million of special termination benefits reclassified to pension and other postretirement employee benefits, where such payments are made from the Company's benefit plans.

*Reorganization Items*

Costs directly attributable to the Chapter 11 Proceedings were $23 million for the three months ended September 30, 2009 and were related primarily to professional service fees.

*Asset Impairments and Loss on Divestitures*

The Company recorded asset impairments and loss on divestitures of $19 million during the three months ended September 30, 2008 in connection with the divestitures of its chassis operation in Swansea, UK and its Interiors operation in Halewood, UK.

*Interest*

Interest expense was $8 million and $48 million for the quarterly periods ended September 30, 2009 and 2008, respectively. The decrease is primarily due to the Company ceasing to record interest expense in connection with the Chapter 11 Proceedings.

*Income Taxes*

The Company's provision for income tax of $18 million for the three-month period ended September 30, 2009 represents a decrease of $13 million when compared with $31 million in the same period of 2008. The decrease includes a higher tax benefit of $12 million on pre-tax losses form continuing operations after taking into consideration pre-tax income from other categories of earnings, a net reduction in uncertain tax benefits related to statute expirations of approximately $6 million, partially offset by higher income tax expense in those countries where the Company is profitable.

*Nine Months Ended September 30, 2009 and 2008*

| | Net Sales | | | Gross Margin | | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| | | | (Dollars in Millions) | | | |
| Climate | $ 1,760 | $ 2,521 | $ (761) | $ 155 | $ 191 | $ (36) |
| Electronics | 1,512 | 2,745 | (1,233) | 53 | 221 | (168) |
| Interiors | 1,322 | 2,334 | (1,012) | 30 | 39 | (9) |
| Other | — | 254 | (254) | — | 15 | (15) |
| Eliminations | (145) | (324) | 179 | — | — | — |
| | 4,449 | 7,530 | (3,081) | 238 | 466 | (228) |
| Services | 205 | 361 | (156) | 3 | 3 | — |
| | $ 4,654 | $ 7,891 | $ (3,237) | $ 241 | $ 469 | $ (228) |

*Net Sales*

Net sales decreased $3.24 billion during the nine months ended September 30, 2009 when compared to the same period of 2008, consisting of a $3.08 billion decrease in product sales and a $156 million decrease in services revenues. The decrease in product sales included a $2.0 billion decline due to production volumes and customer sourcing actions in all regions and for all major customers, $544 million associated with facility divestitures and closures, $478 million of unfavorable currency, primarily related to the Euro and Korean Won, and net customer price reductions. The decrease in services revenue represents lower utilization of the Company's services in connection with the terms of various service and transition support agreements.

Net sales for Climate were $1.76 billion for the nine months ended September 30, 2009, compared with $2.52 billion for the same period of 2008, representing a decrease of $761 million. Vehicle production volume and mix declined significantly in all regions resulting in a decrease in sales of $412 million. Additionally, facility divestitures and closures, including the March 2009 UK Administration and the closure of the Company's Connersville, Indiana facility, decreased sales $45 million. Unfavorable currency, primarily driven by the Korean Won and the Euro, further decreased sales by $210 million and net customer pricing also resulted in a reduction.

Net sales for Electronics were $1.51 billion for the nine months ended September 30, 2009, compared to $2.75 billion for the same period of 2008, representing a decrease of $1.23 billion. Vehicle production volume and mix and customer sourcing decreased sales $1.12 billion, primarily in Europe and North America. Unfavorable currency, primarily related to the Euro and the Brazilian Real, resulted in a reduction of $98 million and net customer pricing further reduced sales.

Net sales for Interiors were $1.32 billion and $2.33 billion for the nine month periods ended September 30, 2009 and 2008, respectively, representing a decrease of $1.01 billion. Vehicle production volume and mix declined significantly in all regions resulting in a decrease in sales of $615 million, while facility divestitures and closures in the UK and Spain reduced sales $263 million. Unfavorable currency, primarily related to the Euro and Korean Won, reduced sales $169 million.

All remaining manufacturing facilities in the Other segment have either been divested, closed or reclassified consistent with the Company's current management reporting structure.

Services revenues primarily relate to information technology, engineering, administrative and other business support services provided by the Company to ACH, under the terms of various agreements with ACH. Such services are generally provided at an amount that approximates cost. Total services revenues were $205 million for the nine months ended September 30, 2009, compared with $361 million for the same period of 2008. The decrease in services revenue represents lower ACH utilization of the Company's services in connection with the terms of various agreements.

*Gross Margin*

The Company's gross margin was $241 million for the nine months ended September 30, 2009, compared with $469 million for the same period in 2008, representing a decrease of $228 million. This decrease reflects the impact of lower global production volumes on the Company's fixed cost structure, partially offset by savings associated with the Company's cost reduction efforts and restructuring actions. Lower customer production volumes, divestitures and facility closures resulted in a $712 million reduction in gross margin. These reductions were partially offset by $464 million of cost reductions and restructuring savings.

Gross margin for Climate was $155 million for the nine months ended September 30, 2009, compared with $191 million for the same period in 2008, representing a decrease of $36 million. Customer production volume declines and facility divestitures and closures reduced gross margin $170 million and the non-recurrence of a $13 million gain on sale of a UK manufacturing facility in the first quarter of 2008 resulted in a further reduction. These decreases were partially offset by $130 million related to net cost efficiencies achieved through manufacturing performance, purchasing improvement efforts and restructuring activities.

Gross margin for Electronics was $53 million for the nine months ended September 30, 2009, compared with $221 million for the same period in 2008, representing a decrease of $168 million. Customer production declines and sourcing reduced gross margin $343 million. This decrease was partially offset by $146 million related to net cost efficiencies achieved through manufacturing performance, purchasing improvement efforts and restructuring activities and $18 million related to the non-recurrence of 2008 accelerated depreciation costs.

Gross margin for Interiors was $30 million for the nine months ended September 30, 2009, compared with $39 million for the same period in 2008, representing a decrease of $9 million. Lower customer production volumes, sourcing and plant divestitures and closures reduced gross margin $116 million. These decreases were partially offset by $92 million related to net cost efficiencies achieved through manufacturing performance, purchasing improvement efforts and restructuring activities and customer settlements.

During 2008 all facilities associated with the Company's Other segment were divested, closed or reclassified consistent with the Company's current management reporting structure.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses were $300 million for the nine-month period ended September 30, 2009, compared with $442 for the same period in 2008, representing a decrease of $142 million. The decrease is primarily attributable to $110 million of cost efficiencies resulting from the Company's ongoing restructuring activities, the non-recurrence of $20 million of 2008 expenses to implement those actions, $23 million of favorable currency and $9 million related to lower expenses related to the annual incentive plan. These reductions were partially offset by $19 million of pre-petition professional fees.

*Restructuring Expenses and Reimbursement from Escrow and Accommodation Agreements*

The following is a summary of the Company's consolidated restructuring reserves and related activity for the nine months ended September 30, 2009. The Company's restructuring expenses are primarily related to employee severance and termination benefit costs.

| | Interiors | Climate | Electronics | Other | Total |
|---|---|---|---|---|---|
| | | | (Dollars in Millions) | | |
| December 31, 2008 | $ 49 | $ 3 | $ 4 | $ 8 | $ 64 |
| Expenses | 19 | 5 | 14 | 34 | 72 |
| Utilization | (43) | (8) | (4) | (39) | (94) |
| September 30, 2009 | $ 25 | $ — | $ 14 | $ 3 | $ 42 |

During the nine months ended September 30, 2009, the Company recorded $72 million in employee severance and termination benefit costs related to headcount reductions associated with the Chapter 11 Proceedings, including the following:

- $40 million related to employee severance and termination benefit costs related to approximately 340 salaried employees in the United States and approximately 240 in other countries to align the Company's administrative support functions with underlying operations in connection with restructuring and reorganization efforts and in response to recessionary economic conditions and related negative impact on the automotive sector and the Company's results of operations and cash flows.
- $7 million in employee severance and termination benefit charges under the previously announced multi-year improvement plan.
- $11 million associated with approximately 160 employees at two European Interiors facilities.
- $10 million associated with approximately 300 employees at a North American Electronics facility.
- $4 million related to approximately 200 employees associated with the consolidation of Electronics operations in South America.

Utilization for the nine months ended September 30, 2009 includes $70 million of payments for severance and other employee termination benefits and $24 million of special termination benefits reclassified to pension and other postretirement employee benefits, where such payments are made from the Company's benefit plans.

The Company received reimbursements of $62 million for restructuring and other qualifying costs pursuant to the Escrow Agreement and $4 million pursuant to other customer support agreements. $45 million of disbursements from the Escrow account were associated with employee severance and termination benefits incurred in connection with the UK Administration and deconsolidation of Visteon UK Limited. Charges associated with this action are recorded as part of the "Deconsolidation gain" on the Company's statements of operations.

*Deconsolidation Gain*

On March 31, 2009, in accordance with the provisions of the United Kingdom Insolvency Act of 1986 and pursuant to a resolution of the board of directors of Visteon UK Limited, a company organized under the laws of England and Wales and an indirect, wholly-owned subsidiary of the Company, representatives from KPMG were appointed as administrators in respect of the UK Debtor. The effect of the UK Debtor's entry into administration was to place the management, affairs, business and property of the UK Debtor under the direct control of the Administrators. As of March 31, 2009 total assets of $64 million, total liabilities of $132 million and related amounts deferred as "Accumulated other comprehensive income" of $84 million, were deconsolidated from the Company's balance sheet resulting in a deconsolidation gain of $152 million. The Company also recorded $57 million for contingent liabilities related to the UK Administration, including $45 million of costs associated with former employees of the UK Debtor, for which the Company was reimbursed from the escrow account on a 100% basis.

*Reorganization Items*

Costs directly attributable to the Chapter 11 Proceedings were $30 million for the nine months ended September 30, 2009 and were related primarily to professional service fees.

*Asset Impairments and Loss on Divestitures*

During the first nine months of 2008, the Company recorded asset impairments and loss on divestitures of $70 million, including $40 million related to the NA Aftermarket divestiture, $23 million related to the Swansea divestiture, and $7 million related to the Halewood divestiture and other assets.

*Interest*

Interest expense was $110 million for the nine months ended September 30, 2009 as compared to $160 million for the same period of 2008. The decrease is primarily due to the Company ceasing to record interest expense in connection with the Chapter 11 Proceedings, partially offset by $11 million for debt waiver fees and $14 million for losses on terminated interest rate swaps. Interest income was $8 million for the nine-month period ended September 30, 2009, compared to $38 million for same period of 2008. The decrease of $30 million resulted from lower global cash balances and lower investment rates.

*Income Taxes*

The Company's provision for income tax of $63 million for the nine-month period ended September 30, 2009 represents a decrease of $68 million when compared with $131 million in the same period of 2008. The decrease in tax expense is primarily attributable to lower earnings in those countries where the Company is profitable, a net reduction in unrecognized tax benefits, and a higher tax benefit on pre-tax losses form continuing operations after taking into consideration pre-tax income from other categories of earnings.

**Liquidity**

Over the long-term, the Company expects to fund its working capital, restructuring and capital expenditure needs with cash flows from operations. To the extent that the Company's liquidity needs exceed cash from operations, the Company would look to its cash balances and availability for borrowings to satisfy those needs, as well as the need to raise additional capital. However, the Company's ability to fund its working capital, restructuring and capital expenditure needs may be adversely affected by many factors including, but not limited to, general economic conditions, specific industry conditions, financial markets, competitive factors and legislative and regulatory changes. In general, the Company's cash and liquidity needs are impacted by the level, variability, and timing of its customers' worldwide vehicle production, which varies based on economic conditions and market shares in major markets. The Company's intra-year needs are impacted by seasonal effects in the industry, such as mid-year shutdowns, the subsequent ramp-up of new model production and the additional year-end shutdowns by its primary customers. These seasonal effects normally require use of liquidity resources during the first and third quarters.

The Debtors are currently funding post-petition operations under a temporary cash collateral order from the Court. There can be no assurance that such cash collateral funds will be sufficient to meet the Company's reorganization or ongoing cash needs or that the Company will be successful in extending the duration of the cash collateral order with the Court to continue operating as debtors-in-possession absent an approved DIP financing arrangement. The Company's non-debtor subsidiaries, primarily non-U.S. subsidiaries, have been excluded from the Chapter 11 Proceedings and are funding their operations through cash generated from operating activities supplemented by customer support agreements and local financing arrangements or through cash transfers from the Debtors subject to specific authorization from the Court pursuant to foreign funding orders.

*Cash Collateral Order and Term Loan Stipulation*

On May 28, 2009, the Debtors filed a motion with the Court seeking an order authorizing the Debtors to provide Ford, the secured lender under the ABL Credit Agreement, certain forms of adequate protection in exchange for the consensual use of Ford's Cash Collateral (as defined in the ABL Credit Agreement). On May 29, 2009, the Court entered an interim order (the first in a series of such orders) authorizing the Debtors' use of Ford's Cash Collateral and certain other pre-petition collateral (as defined in that order). Such order also granted adequate protection to Ford for any diminution in the value of its interests in its collateral, whether from the use of the cash collateral or the use, sale, lease, depreciation or other diminution in value of its collateral, or as a result of the imposition of the automatic stay under section 362(a) of the Bankruptcy Code. Specifically, subject to certain conditions, adequate protection provided to Ford included, but was not limited to, a first priority, senior and perfected lien on certain post-petition collateral of the same nature as Ford's pre-petition collateral, a second priority, junior perfected lien on certain collateral subject to liens held by the Debtors' term loan secured lenders, and payment of accrued and unpaid interest and fees owing Ford on pre-petition asset-backed revolving credit facility obligations.

On June 19, 2009, the Court entered a first supplemental interim order authorizing the use of Ford's cash collateral and granting adequate protection on substantially the same terms as those set forth in the interim cash collateral order previously entered. On July 1, 2009, the Court entered a second supplemental interim cash collateral order on substantially the same terms as those set forth in the first supplemental interim cash collateral order. On July 16, 2009, the Court entered a third supplemental interim cash collateral order (the "Third Supplemental Interim Cash Collateral Order") on substantially the same terms as those set forth in the second supplemental interim cash collateral order. On July 28, 2009, the Court entered the fourth supplemental interim cash collateral order (the "Fourth Supplemental Interim Cash Collateral Order") on substantially the same terms as those set forth in the Third Supplemental Interim Order Cash Collateral Order, extending the Debtors' consensual use of Ford's collateral to August 13, 2009. On August 13, 2009, the Court entered the fifth supplemental interim cash collateral order (the "Fifth Supplemental Interim Cash Collateral Order") on substantially the same terms as those set forth in the Fourth Supplemental Interim Order Cash Collateral Order, extending the Debtors' consensual use of Ford's collateral to September 9, 2009. On September 9, 2009, the Court entered the sixth supplemental interim cash collateral order (the "Sixth Supplemental Interim Cash Collateral Order") on substantially the same terms as those set forth in the Fifth Supplemental Interim Order Cash Collateral Order, extending the Debtors' consensual use of Ford's collateral to October 7, 2009. On October 7, 2009, the Court entered the seventh supplemental interim cash collateral order on substantially the same terms as those set forth in the Sixth Supplemental Interim Order Cash Collateral Order, extending the Debtors' consensual use of Ford's collateral to November 12, 2009. As of September 30, 2009, such cash collateral amounted to approximately $292 million, which includes restricted cash of $80 million.

On May 29, 2009, Wilmington Trust FSB, as administrative agent for the Debtors' term loan secured lenders, filed a motion with the Court seeking adequate protection of these lenders' collateral including, but not limited to, intellectual property, equity in foreign subsidiaries and intercompany debt owed by foreign subsidiaries, as well as certain cash flows associated with such collateral (the "Motion for Adequate Protection"). Contemporaneously with entering the Third Supplemental Interim Cash Collateral Order, the Court entered a final order in connection with the Motion for Adequate Protection (the "Stipulation, Agreement, and Final Order"). The Stipulation, Agreement, and Final Order authorizes the Debtors to use the cash collateral and certain other pre-petition collateral (as defined in the Stipulation, Agreement, and Final Order) of the term loan secured lenders and grants adequate protection to these lenders for any diminution in the value of their interests in their collateral, whether from the use of the cash collateral or the use, sale, lease, depreciation or other diminution in value of their collateral, or as a result of the imposition of the automatic stay under section 362(a) of the Bankruptcy Code. Specifically, subject to certain conditions, adequate protection provided to the term loan secured lenders included, but was not limited to, replacement liens and adequate protection payments in the form of cash payments of the reasonable and documented fees, costs and expenses of the term loan secured lenders' professionals (as defined in the Stipulation, Agreement, and Final Order) employed in connection with the Debtors' chapter 11 cases. As of September 30, 2009, the term loan secured lenders' cash collateral amounted to approximately $20 million.

*Foreign Funding Order*

On May 29, 2009, the Court entered an interim order authorizing the Debtors to maintain funding to, and the guarantee of, cash pooling arrangements in Europe, or, alternatively, to fund participants of such arrangements directly, and to continue to honor pre-petition obligations owing to certain non-Debtor subsidiaries in Mexico and Europe up to an aggregate amount of $92 million. On July 16, 2009, such interim order was replaced with a final order. On July 28, 2009, the Court entered a final order increasing the amount which the Debtors are authorized to pay to honor pre-petition obligations owing to certain non-Debtor subsidiaries in Mexico and Europe up to an aggregate amount of $138 million (which amount includes the $92 million previously authorized by the Court).

*Customer Accommodation Agreements*

The Company has entered into accommodation and other support agreements with certain North American and European customers that provide for additional liquidity through cash surcharge payments, payments for research and engineering costs, accelerated payment terms, asset sales and other commercial arrangements.

*Letter of Credit Reimbursement and Security Agreement*

On October 28, 2009, the Debtors filed a motion with the Court seeking authority to enter into a Letter of Credit Reimbursement and Security Agreement that provides for a committed $40 million letter of credit facility that expires on September 30, 2010. Amounts drawn under the LOC Facility would be subject to a fee of 0.65% per annum of the outstanding balance and would be secured by cash collateral. Amounts undrawn would be subject to a fee of 0.40% per annum of the undrawn balance.

*Proposed DIP Facility*

On October 28, 2009, the Debtors filed a motion with the Court seeking authority to borrow up to $150 million under the terms of a proposed senior secured super-priority priming debtor-in-possession credit and guarantee agreement with certain pre-petition secured term loan lenders and Wilmington Trust Company, as administrative agent. Borrowings under the Proposed DIP Facility would be used to finance working capital, capital expenditures and other general corporate purposes in accordance with an approved budget.

The Proposed DIP Facility would mature on the earliest of (i) six months after the closing of such facility; provided, that the Company may extend it an additional three months, (ii) the effective date of the Debtor's plan of reorganization, and (c) the date a sale or sales of all or substantially all of the Company's and guarantors' assets is or are consummated under section 363 of the Bankruptcy Code. Borrowing under the Proposed DIP Facility will be secured by, among other things, a first priority perfected security interest in assets that constitute first priority collateral under pre-petition secured term loans and certain otherwise unencumbered assets (including the assets of Visteon Electronics Corporation), as well as a second priority perfected security interest in assets that constitute first priority collateral under the ABL Credit Agreement. The Proposed DIP Facility would also contain other usual and customary affirmative and negative covenants, events of default, indemnification, representations, warranties and conditions.

**Cash Flows**

*Operating Activities*

Cash used by operating activities during the nine months ended September 30, 2009 totaled $151 million, compared with $153 million used by operating activities for the same period in 2008. The decrease in usage is primarily due to the impact of the automatic stay on payables and interest associated with the Chapter 11 Proceedings, lower annual incentive compensation payments and a decrease in recoverable tax assets, partially offset by trade payable term contraction and lower tax expense and restructuring charges as compared to cash payments.

*Investing Activities*

Cash used in investing activities was $93 million during the nine months ended September 30, 2009, compared with $160 million for the same period in 2008. The decrease in cash usage resulted from a decrease in capital expenditures, partially offset by a decrease in proceeds from divestitures and asset sales and $11 million of cash associated with the deconsolidation of the UK Debtor. Capital expenditures, excluding capital leases, decreased to $87 million in the first nine months of 2009 compared with $230 million in the same period of 2008. The proceeds from divestitures and asset sales for the nine months ended September 30, 2009 totaled $5 million compared to $65 million for the same period of 2008, which included proceeds from the divestiture of the North America aftermarket business.

*Financing Activities*

Cash used by financing activities totaled $245 million in the nine months ended September 30, 2009, compared with $268 million in the same period of 2008. Cash used by financing activities during the nine months ended September 30, 2009 primarily resulted from the requirement for $102 million to be classified as restricted cash, primarily pursuant to the Company's Credit Agreement and cash collateral order of the Court, repayment of the borrowings under the European Securitization, a decrease in book overdrafts and dividends to minority shareholders, partially offset by additional borrowing under the U.S. ABL Facility. Cash used by financing activities decreased by $23 million when compared to $268 million used by financing activities during the nine months ended September 30, 2008, which included the purchase of $344 million in aggregate principal amount of the Company's 8.25% notes and issuance of $206.4 million in aggregate principal amount of 12.25% notes, reductions in affiliate debt, a decrease in book overdrafts and dividends to minority shareholders.

**Debt and Capital Structure**

Under section 362 of the Bankruptcy Code, the filing of a bankruptcy petition automatically stays most actions against a debtor, including most actions to collect pre-petition indebtedness or to exercise control over the property of the debtor's estate. Absent an order of the Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization. Substantially all of the Company's pre-petition debt is in default, including $1.5 billion principal amount due under the seven-year secured term loans due 2013; $862 million principal amount under various unsecured notes due 2010, 2014 and 2016; and $110 million of other secured and unsecured borrowings. Debt discounts of $8 million, deferred financing costs of $14 million and losses on terminated interest rate swaps of $23 million are no longer being amortized and have been included as adjustments to the net carrying value of the related pre-petition debt. Additional information related to the Company's debt is set forth in Note 11 "Debt" to the consolidated financial statements included herein under Item 1.

*Covenants and Restrictions*

Refer to the Company's December 31, 2008 Annual Report on Form 10-K for information related to the covenants and restrictions associated with pre-petition debt.

**Off-Balance Sheet Arrangements**

The Company has guaranteed approximately $36 million for lease payments. In connection with the January 2009 Pension Benefit Guarantee Corporation Agreement, the Company agreed to provide a guarantee by certain affiliates of certain contingent pension obligations of up to $30 million.

**Fair Value Measurements**

The Company uses fair value measurements in the preparation of its financial statements, which utilize various inputs including those that can be readily observable, corroborated or generally unobservable. The Company utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Company applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. The primary financial instruments that are recorded at fair value in the Company's financial statements are derivative instruments.

The Company's use of derivative instruments creates exposure to credit loss in the event of nonperformance by the counterparty to the derivative financial instruments. The Company limits this exposure by entering into agreements directly with a variety of major financial institutions with high credit standards and that are expected to fully satisfy their obligations under the contracts. Fair value measurements related to derivative assets take into account the non-performance risk of the respective counterparty, while derivative liabilities take into account the non-performance risk of Visteon and its foreign affiliates. The hypothetical gain or loss from a 100 basis point change in non-performance risk would be less than $1 million for the fair value of foreign currency derivatives as of September 30, 2009.

**New Accounting Standards**

In July 2009, the Financial Accounting Standards Board ("FASB") launched the FASB Accounting Standards Codification ("ASC") as the only authoritative source of generally accepted accounting principles. The ASC is effective for interim and annual reporting periods ending after September 15, 2009. The Company implemented use of the ASC without a significant impact on its consolidated financial statements.

In June 2009, the FASB issued guidance which amends the consolidation provisions that apply to Variable Interest Entities ("VIEs"). This guidance is effective for fiscal years that begin after November 15, 2009
and the Company is currently evaluating the impact this guidance may have on its consolidated financial statements.

In May 2009 the FASB issued guidance requiring disclosures on management's assessment of subsequent events, the Company adopted this guidance on a prospective basis as of April 1, 2009 without material impact on its consolidated financial statements.

In connection with ASC Topic 820, "Fair Value Measurements and Disclosures," ("ASC 820") which defines fair value, establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurements, the Company provided expanded disclosures as of January 1, 2008 without a material impact on its consolidated financial statements. The application of ASC 820 to the Company's nonfinancial assets and liabilities did not impact the Company's consolidated financial statements. The Company also adopted related guidance on estimating fair value when the volume and level of activity have significantly decreased and on identifying circumstances that indicate a transaction is not orderly as of June 30, 2009 without material impact on its consolidated financial statements.

In April 2009, the FASB issued guidance requiring disclosures around the fair value of financial instruments for interim reporting periods, including (a) the fair value at the period end and (b) the methods and assumptions used to calculate the fair value. The Company adopted this guidance without a material impact on its consolidated financial statements.

In December 2008, the FASB issued guidance requiring disclosure of (a) how pension plan asset investment allocation decisions are made, (b) the major categories of plan assets, (c) the inputs and valuation techniques used to measure the fair value of plan assets, (d) the effect of fair value measurements using significant unobservable inputs on changes in plan assets and (e) significant concentrations of risk within plan assets. These disclosures are required for fiscal years ending after December 15, 2009.

In March 2008, the FASB issued guidance requiring disclosure of (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. These disclosures were provided by the Company on a prospective basis with effect from January 1, 2009, as more fully described in Note 17 "Financial Instruments" to the consolidated financial statements.

In December 2007, the FASB issued guidance on the accounting and reporting for business combination transactions and noncontrolling interests in consolidated financial statements. The Company adopted this guidance effective January 1, 2009 as more fully described in Note 14 "Shareholders' Deficit" to the consolidated financial statements.

**Cautionary Statements Regarding Forward-Looking Information**

Certain statements contained or incorporated in this Quarterly Report on Form 10-Q which are not statements of historical fact constitute "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Forward-looking statements give current expectations or forecasts of future events. Words such as "anticipate", "expect", "intend", "plan", "believe", "seek", "estimate" and other words and terms of similar meaning in connection with discussions of future operating or financial performance signify forward-looking statements. These statements reflect the Company's current views with respect to future events and are based on assumptions and estimates, which are subject to risks and uncertainties including those discussed in Item 1A under the heading "Risk Factors" in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for fiscal year 2008 as well as elsewhere in this report. Accordingly, the reader should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent the Company's estimates and assumptions only as of the date of this report. The Company does not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made. The Company qualifies all of its forward-looking statements by these cautionary statements.

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

- The potential adverse impact of the Chapter 11 Proceedings on Visteon's business, financial condition or results of operations, including its ability to maintain contracts and other customer and vendor relationships that are critical to its business and the actions and decisions of its creditors and other third parties with interests in the Chapter 11 Proceedings.
- Visteon's ability to maintain adequate liquidity to fund its operations during the Chapter 11 Proceedings and to fund a plan of reorganization and thereafter, including obtaining sufficient debtor-in-possession and "exit" financing; maintaining normal terms with its vendors and service providers during the Chapter 11 Proceedings and complying with the covenants and other terms of its financing agreements.
- Visteon's ability to obtain court approval with respect to motions in the Chapter 11 Proceedings prosecuted from time to time and to develop, prosecute, confirm and consummate one or more plans of reorganization with respect to the Chapter 11 Proceedings and to consummate all of the transactions contemplated by one or more such plans of reorganization or upon which consummation of such plans may be conditioned.
- Visteon's ability to satisfy its pension and other postemployment benefit obligations, and to retire outstanding debt and satisfy other contractual commitments, all at the levels and times planned by management.
- Visteon's ability to access funds generated by its foreign subsidiaries and joint ventures on a timely and cost effective basis.

- Changes in the operations (including products, product planning and part sourcing), financial condition, results of operations or market share of Visteon's customers, particularly its largest customer, Ford.
- Changes in vehicle production volume of Visteon's customers in the markets where it operates, and in particular changes in Ford's and Hyundai/Kia's vehicle production volumes and platform mix.
- Visteon's ability to profitably win new business from customers other than Ford and to maintain current business with, and win future business from, Ford, and, Visteon's ability to realize expected sales and profits from new business.
- Increases in commodity costs or disruptions in the supply of commodities, including steel, resins, aluminum, copper, fuel and natural gas.
- Visteon's ability to generate cost savings to offset or exceed agreed upon price reductions or price reductions to win additional business and, in general, improve its operating performance; to achieve the benefits of its restructuring actions; and to recover engineering and tooling costs and capital investments.
- Visteon's ability to compete favorably with automotive parts suppliers with lower cost structures and greater ability to rationalize operations; and to exit non-performing businesses on satisfactory terms, particularly due to limited flexibility under existing labor agreements.
- Restrictions in labor contracts with unions that restrict Visteon's ability to close plants, divest unprofitable, noncompetitive businesses, change local work rules and practices at a number of facilities and implement cost-saving measures.
- The costs and timing of facility closures or dispositions, business or product realignments, or similar restructuring actions, including potential asset impairment or other charges related to the implementation of these actions or other adverse industry conditions and contingent liabilities.
- Significant changes in the competitive environment in the major markets where Visteon procures materials, components or supplies or where its products are manufactured, distributed or sold.
- Legal and administrative proceedings, investigations and claims, including shareholder class actions, inquiries by regulatory agencies, product liability, warranty, employee-related, environmental and safety claims and any recalls of products manufactured or sold by Visteon.
- Changes in economic conditions, currency exchange rates, changes in foreign laws, regulations or trade policies or political stability in foreign countries where Visteon procures materials, components or supplies or where its products are manufactured, distributed or sold.
- Shortages of materials or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to or difficulties in the employment of labor in the major markets where Visteon purchases materials, components or supplies to manufacture its products or where its products are manufactured, distributed or sold.
- Changes in laws, regulations, policies or other activities of governments, agencies and similar organizations, domestic and foreign, that may tax or otherwise increase the cost of, or otherwise affect, the manufacture, licensing, distribution, sale, ownership or use of Visteon's products or assets.
- Possible terrorist attacks or acts of war, which could exacerbate other risks such as slowed vehicle production, interruptions in the transportation system, or fuel prices and supply.
- The cyclical and seasonal nature of the automotive industry.
- Visteon's ability to comply with environmental, safety and other regulations applicable to it and any increase in the requirements, responsibilities and associated expenses and expenditures of these regulations.
- Visteon's ability to protect its intellectual property rights, and to respond to changes in technology and technological risks and to claims by others that Visteon infringes their intellectual property rights.

- Visteon's ability to provide various employee and transition services in accordance with the terms of existing agreements between the parties, as well as Visteon's ability to recover the costs of such services.
- Visteon's ability to quickly and adequately remediate control deficiencies in its internal control over financial reporting.
- Other factors, risks and uncertainties detailed from time to time in Visteon's Securities and Exchange Commission filings.
- The risks and uncertainties and the terms of any reorganization plan ultimately confirmed can affect the value of Visteon's various pre-petition liabilities, common stock and/or other securities. No assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to each of these constituencies. A plan of reorganization could result in holders of the Company's liabilities and/or securities receiving no value for their interests. Because of such possibilities, the value of these liabilities and/or securities is highly speculative. Accordingly, the Company urges that caution be exercised with respect to existing and future investments in any of these liabilities and/or securities.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary market risks to which the Company is exposed include changes in foreign currency exchange rates, interest rates and certain commodity prices. The Company manages these risks through derivative instruments and various operating actions including fixed price contracts with suppliers and cost sourcing arrangements with customers. The Company's use of derivative instruments is limited to hedging activities and such instruments are not used for speculative or trading purposes, as per clearly defined risk management policies. Additionally, the Company's use of derivative instruments creates exposure to credit loss in the event of nonperformance by the counterparty to the derivative financial instruments. The Company limits this exposure by entering into agreements directly with a variety of major financial institutions with high credit standards and that are expected to fully satisfy their obligations under the contracts. Additionally, the Company's ability to utilize derivatives to manage market risk is dependent on credit conditions and market conditions given the current economic environment.

*Foreign Currency Risk*

The Company's net cash inflows and outflows exposed to the risk of changes in exchange rates arise from the sale of products in countries other than the manufacturing source, foreign currency denominated supplier payments, debt and other payables, subsidiary dividends and investments in subsidiaries. Where possible, the Company utilizes derivative financial instruments to manage foreign currency exchange rate risks. Forward contracts and, to a lesser extent, option contracts are utilized to protect the Company's cash flow from changes in exchange rates. Foreign currency exposures are reviewed monthly and any natural offsets are considered prior to entering into a derivative financial instrument. The Company's primary foreign currency exposures include the Euro, Korean Won, Czech Koruna, Hungarian Forint and Mexican Peso. Where possible, the Company utilizes a strategy of partial coverage for transactions in these currencies. As of September 30, 2009, the Company's full year coverage for projected transactions in these currencies was approximately 29%. As of both September 30, 2009 and December 31, 2008, the net fair value of foreign currency forward and option contracts was an asset of $4 million.

The hypothetical pre-tax gain or loss in fair value from a 10% favorable or adverse change in quoted currency exchange rates would be approximately $8 million and $33 million as of September 30, 2009 and December 31, 2008, respectively. These estimated changes assume a parallel shift in all currency exchange rates and include the gain or loss on financial instruments used to hedge loans to subsidiaries. Because exchange rates typically do not all move in the same direction, the estimate may overstate the impact of changing exchange rates on the net fair value of the Company's financial derivatives. It is also important to note that gains and losses indicated in the sensitivity analysis would generally be offset by gains and losses on the underlying exposures being hedged.

*Interest Rate Risk*

During the three months ended June 30, 2009 the Company's interest rate swaps with notional amounts of $125 million (related to a portion of the 8.25% notes due August 1, 2010) and $100 million (related to a portion of the $1 billion seven-year term loan due 2013) were terminated by the counterparty. This termination resulted in the Company recording approximately $2 million related to the contract amount due to the counterparty into "Liabilities subject to compromise" on the consolidated balance sheets. On April 1, 2009, the Company terminated interest rate swaps with a notional amount of $225 million related to the 7.00% notes due March 10, 2014 and $100 million related to the $1 billion term loan due 2013. This termination resulted in a net cash settlement of $7 million.

As of December 31, 2008, the Company had entered into interest rate swaps for a portion of the 8.25% notes due August 1, 2010 ($125 million) and a portion of the 7.00% notes due March 10, 2014 ($225 million). These interest rate swaps effectively converted the designated portions of these notes from fixed interest rate to variable interest rate instruments. Additionally, the Company had entered into interest rate swaps for a portion of the $1 billion term loan due 2013 ($200 million), which effectively converted the designated portion of this loan from a variable interest rate to a fixed interest rate instrument. As of December 31, 2008, the net fair value of interest rate swaps was an asset of $17 million. Approximately 30% of the Company's borrowings were effectively on a fixed rate basis as of December 31, 2008. The potential loss in fair value of these swaps from a hypothetical 50 basis point adverse change in interest rates would have been approximately $5 million as of December 31, 2008. The annual increase in pre-tax interest expense from a hypothetical 50 basis point adverse change in variable interest rates (including the impact of interest rate swaps) would have been approximately $10 million as of December 31, 2008. This analysis may overstate the adverse impact on net interest expense because of the short-term nature of the Company's interest bearing investments.

*Commodity Risk*

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

## ITEM 4. CONTROLS AND PROCEDURES

*Disclosure Controls and Procedures*

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

The Company's management carried out an evaluation, under the supervision and with the participation of the CEO and the CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2009. Based upon that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective.

*Changes in Internal Control over Financial Reporting*

There were no changes in the Company's internal controls over financial reporting during the quarterly period ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

## PART II
## OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

See the information above under Note 18, “Commitments and Contingencies,” to the consolidated financial statements which is incorporated herein by reference.

### ITEM 1A. RISK FACTORS

For information regarding factors that could affect the Company’s results of operations, financial condition and liquidity, see the risk factors discussed in Part I, “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008. See also, “Cautionary Statements Regarding Forward-Looking Information” included in Part I, Item 2 of this Quarterly Report on Form 10-Q.

### ITEM 6. EXHIBITS

See Exhibit Index on Page 63.

**SIGNATURE**

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

VISTEON CORPORATION

By: /s/ MICHAEL J. WIDGREN

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

Date: October 29, 2009

## EXHIBIT INDEX

| Exhibit Number | Exhibit Name |
|---|---|
| 10.1 | Eighth Amendment to Credit Agreement, dated as of July 15, 2009, among Visteon Corporation, certain of its subsidiaries, Ford Motor Company, as sole lender and swingline lender, and The Bank of New York Mellon, as administrative agent. |
| 12.1 | Statement re: Computation of Ratios. |
| 31.1 | Rule 13a-14(a) Certification of Chief Executive Officer dated October 29 , 2009. |
| 31.2 | Rule 13a-14(a) Certification of Chief Financial Officer dated October 29, 2009. |
| 32.1 | Section 1350 Certification of Chief Executive Officer dated October 29, 2009. |
| 32.2 | Section 1350 Certification of Chief Financial Officer dated October 29, 2009. |

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

# EIGHTH AMENDMENT TO CREDIT AGREEMENT

EIGHTH AMENDMENT TO CREDIT AGREEMENT, dated as of July 15, 2009 (this "Amendment"), among VISTEON CORPORATION, a Delaware corporation (the "Company"), each subsidiary of the Company party hereto as a borrower (together with the Company, each a "Borrower" and, collectively, the "Borrowers"), each other subsidiary of the Company party hereto, FORD MOTOR COMPANY (the "Lender''), as sole Lender and Swingline Lender, and THE BANK OF NEW YORK MELLON ("BNYM"), as Administrative Agent.

**W I T N E S S E T H:**

WHEREAS the Borrowers, the Lenders party thereto, and JPMorgan Chase Bank, N.A. ("JPMorgan"), as the original Administrative Agent, Issuing Bank and original Swingline Lender, have entered into that certain Credit Agreement, dated as of August 14, 2006, as amended, supplemented or modified by that certain First Amendment to Credit Agreement and Consent, dated as of November 27, 2006, that certain Second Amendment to Credit Agreement and Consent, dated as of April 10, 2007, that certain Third Amendment to Credit Agreement, dated as of March 12, 2008, that certain Fourth Amendment and Limited Waiver to Credit Agreement and Amendment to Security Agreement, dated as of March 31, 2009, that certain Fifth Amendment to Credit Agreement dated as of May 13, 2009, that certain Sixth Amendment to Credit Agreement dated as of May 13, 2009, and that certain Seventh Amendment to Credit Agreement dated May 21, 2009 (as so amended, supplemented or modified, the "Credit Agreement"); capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to such terms in the Credit Agreement;

WHEREAS, the Lender has appointed BNYM as the successor Administrative Agent and JPMorgan has assigned and transferred its rights and duties as Administrative Agent to BNYM, and BNYM has accepted and assumed those rights and duties, pursuant to a Successor Agent Agreement dated July 15, 2009; and

WHEREAS, the Borrowers, the Lender and the Swingline Lender desire to, and the Lender has directed the Administrative Agent to, amend the Credit Agreement as provided for herein on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

## ARTICLE I

## AMENDMENTS

Section 1.1 Amendments to Section 1.01. Section 1.01 of the Credit Agreement is hereby amended as follows:

(a) The following new defined terms are hereby inserted in proper alphabetical order:

"BNYM" means The Bank of New York Mellon, a New York banking corporation, in its individual capacity, and its successors.

(b) The following defined terms are hereby amended and restated as follows:

"Fee Letter" means that certain Fee Letter, dated as of July 15, 2009, between the Company and BNYM.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by BNYM as its prime rate; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Term Loan Facility" means the Credit Agreement, dated as of June 13, 2006, among the Company, the lenders party thereto, Wilmington Trust FSB (as successor-in-interest to JPMorgan), a federal savings bank, as administrative agent, and the other agents party thereto, as amended, restated, supplemented or modified from time to time.

Section 1.2 Amendment to Section 2.01 (b). Section 2.01 (b) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(b) [RESERVED]."

Section 1.3 Amendment to Article VIII. Article VIII of the Credit Agreement is hereby amended by adding the following paragraphs immediately after the third paragraph of such Article VIII (and, for the avoidance of doubt, the existing paragraphs four through nine of such Article VIII shall become paragraphs fifteen through twenty):

"The Administrative Agent will not be required to take any action that is contrary to applicable law or any provision of this Agreement or the other Loan Documents. The Administrative Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, accountants, appraisers or other experts or advisors selected by it in good faith as it may reasonably require and will not be responsible for any misconduct or negligence on the part of any of them, so long as they are appointed with due care.

No provision of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby shall require the Administrative Agent to: (A) expend or risk its own funds or provide indemnities in the performance of any of its duties hereunder or the exercise of any of its rights or power or (B) otherwise incur any financial liability in the performance of its duties or the exercise of any of its rights or powers except for such liability, if any, arising out of the Administrative Agent's gross negligence or willful misconduct in the performance of its duties hereunder as determined by a final non-appealable judgment of a court of competent jurisdiction.

The Administrative Agent shall not be responsible for (A) perfecting, maintaining, monitoring, preserving or protecting the security interest or Lien granted under this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, (B) the filing, re-filing, recording, re-recording or continuing or any document, financing statement, mortgage, assignment, notice, instrument of further assurance or other instrument in any public office at any time or times or (C) providing, maintaining, monitoring or preserving insurance on or the payment of taxes with respect to any of the Collateral. Lenders shall be responsible for assuring themselves with respect to the completion or satisfaction of the actions described in items (A) through (C) whether carried out by Borrowers or Lenders.

The Administrative Agent shall not be required to qualify in any jurisdiction in which it is not presently qualified to perform its obligations as Administrative Agent.

The Administrative Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement or the other Loan Documents arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; terrorism; wars and other military disturbances; sabotage; epidemics; riots; business interruptions; loss or malfunctions of utilities, computer (hardware or software) or communication services; accidents; labor disputes; acts of civil or military authority and governmental action.

Subject to Section 8.2 of the Security Agreement, beyond the exercise of reasonable care in the custody of the Collateral in its possession, the Administrative Agent will have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Administrative Agent will not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any Liens on the Collateral. Subject to Section 8.2 of the Security Agreement, the Administrative Agent will be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and the Administrative Agent will not be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Administrative Agent in good faith.

The Administrative Agent will not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Administrative Agent, as determined by a court of competent jurisdiction in a final, nonappealable order, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of any grantor to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. The Administrative Agent hereby disclaims any representation or warranty to the present and future holders of the Obligations concerning the perfection of the Liens granted hereunder or in the value of any of the Collateral.

In the event that the Administrative Agent is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out any fiduciary or trust obligation for the benefit of another, which in the Administrative Agent's sole discretion may cause the Administrative Agent to be considered an "owner or operator" under any environmental laws or otherwise cause the Administrative Agent to incur, or be exposed to, any environmental liability or any liability under any other federal, state or local law, the Administrative Agent reserves the right, instead of taking such action, either to resign as Administrative Agent or to arrange for the transfer of the title or control of the asset to a court appointed receiver. The Administrative Agent will not be liable to any person for any Environmental Liability or any environmental claims or contribution actions under any federal, state or local law, rule or regulation by reason of the Administrative Agent's actions and conduct as authorized, empowered and directed hereunder or relating to any kind of discharge or release or threatened discharge or release of any hazardous materials into the environment.

The Administrative Agent has accepted and is bound by the Loan Documents executed by the Administrative Agent as of the date of this Agreement (including, without limitation, the Fee Letter) and, as directed in writing by the Required Lenders, the Administrative Agent shall execute additional Loan Documents delivered to it after the date of this Agreement; provided, however, that such additional Loan Documents do not adversely affect the rights, privileges, benefits and immunities of the Administrative Agent. The Administrative Agent will not otherwise be bound by, or be held obligated by, the provisions of any credit agreement, indenture or other agreement governing the Obligations (other than this Agreement, the Fee Letter and the other Loan Documents to which the Administrative Agent is a party).

The Administrative Agent may at any time solicit written confirmatory instructions from the Required Lenders or an order of a court of competent jurisdiction, as to any action that it may be requested or required to take, or that it may propose to take, in the performance of any of its obligations under this Agreement or the other Loan Documents."

Section 1.4 Amendment to Section 9.01 (a). Section 9.01 (a) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing (including by telecopy) and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, as follows:

(i) if to any Borrower, to the Borrower Representative at:

Visteon Corporation
One Village Center Drive
Van Buren Township, MI 48111
Attention: Treasurer
Facsimile No: 734-736-5563

with a copy to:

Kirkland & Ellis LLP
300 N. LaSalle
Chicago, IL 60654
Attention: Linda K. Myers, P.C.
Facsimile No: 312-862-2200

(ii) if to the Issuing Bank, to:

JPMorgan Chase Bank, N.A. at:
Loan and Agency Services Group
111 Fannin Street
10th Floor
Houston, TX 77002
Attention: Andrew Perkins
Facsimile No: 713-750-2223

and at:

270 Park Avenue
4th Floor
New York, NY 10017
Attention: Robert Kellas
Facsimile No: 212-270-5100

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
333 West Wacker Drive
Suite 1400
Chicago, IL 60606
Attention: Seth E. Jacobson
Facsimile No: 312-407-0411

(iii) if to the Lender, or the Swingline Lender, to:

Ford Motor Company
5500 Auto Club Drive
Mail Drop 415-3E462
Dearborn, MI 48126
Attention: William R. Strong
Facsimile No: (313) 206-7044

and:

Ford Motor Company
Office of the General Counsel
1 American Road, Suite 323WHQ
Dearborn, MI 48126
Attention: Daniella Saltz
Facsimile No: (313) 337-3209

with a copy to:

Miller Canfield Paddock and Stone PLC
150 West Jefferson, Suite 2500
Detroit, MI 48226
Attention: Stephen LaPlante
Facsimile No: (313) 496-7500

(iii) if to the Administrative Agent:

The Bank of New York Mellon
600 East Las Colinas Blvd., Suite 1300
Irving, Texas 75039
Attention: Melinda Valentine
Facsimile No: (972) 401-8567

with copy to:

Emmet Marvin & Martin LLP
120 Broadway
32nd Floor
New York, New York 10271
Attention: Ms. Elizabeth M. Clark
Facsimile No: (212) 238-3100

(iv) if to any other Lender, to it at its address or facsimile number set forth in its Administrative Questionnaire.

All such notices and other communications (i) sent by hand or overnight courier service shall be deemed to have been duly given or made when delivered, (ii) mailed by certified or registered mail, shall be deemed to have been given three Business Days after being deposited in the mail or (iii) sent by facsimile shall be deemed to have been given when received, provided that any notice or demand to or upon the Administrative Agent, the Issuing Bank or the Lenders pursuant to Sections 2.02 through 2.08 shall not be effective until received."

Section 1.5 Amendment to Section 9.03. Section 9.03 of the Credit Agreement is hereby amended by deleting clauses (b) and (c) and replacing such clauses in their entirety with the following:

"(b) The Borrowers shall, jointly and severally, indemnify the Administrative Agent, the Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, penalties, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Materials of Environmental Concern on or from any property owned or operated by any Borrower or any of their Subsidiaries, or any Environmental Liability related in any way to any Borrower or any of their Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto (all the foregoing in this Section 9.03 (b), "Indemnified Liabilities"); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such Indemnified Liabilities are determined by a court of competent jurisdiction by final and nonappealable judgment to have (a) resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee, (b) resulted from the breach of such Indemnitee (other than The Bank of New York Mellon in its capacity as the Administrative Agent and its Related Parties) of its obligations under any Loan Document, or (c) arisen from a dispute solely between the Lenders and not involving the Administrative Agent (in its capacity as such in any manner) or the Borrower; provided, further, that such reimbursement obligations shall be limited to one counsel for the Administrative Agent (which shall be selected by the Administrative Agent) and one counsel for the Lenders (and, to the extent necessary as determined by the Administrative Agent, one or more local counsel) unless there is a conflict of interest with respect to a particular Indemnitee, in which case such Indemnitee shall be reimbursed for its own counsel. Without limiting the foregoing, and to the extent permitted by applicable law, each Borrower agrees not to assert and to cause its Subsidiaries not to assert, and each Borrower hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. If any suit, action, proceeding, claim or demand shall be brought or asserted against any Indemnitee (other than the Administrative Agent, the Issuing Bank and each of their Related Parties) with respect to the matters covered by the Borrowers' indemnification in this Agreement, (i) such Indemnitee shall promptly notify the Borrower Representative thereof and (ii) to the extent not precluded by a conflict of interest or other duties binding on it, such Indemnitee shall work cooperatively with the Borrower Representative with a view toward minimizing the legal and other expenses associated with any defense and any potential settlement or judgment, which cooperation shall include (A) the use of a single counsel selected by such Indemnitee and reasonably acceptable to the Borrower Representative (so long as such Indemnitee, in its reasonable judgment, does not believe that the use of a single counsel is not reasonably practicable or, based on the advice of counsel, disadvantageous from a legal perspective) and (B) regular consultation with the Borrower Representative (and, to the extent a single counsel is not used, its counsel) upon the reasonable request of the Borrower Representative with regard to the management of any litigation and the negotiation of any potential settlement, in order to afford the Borrower Representative (and, to the extent a single counsel is not used, its counsel) reasonable opportunities to participate in the consideration of material decisions with respect thereto.

(c) Each Lender severally agrees to indemnify the Administrative Agent, the Issuing Bank and each of its Related Parties (each, an "Indemnitee Agent Party"), to the extent that such Indemnitee Agent Party shall not have been reimbursed by the Borrowers, for and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Indemnitee Agent Party in exercising its powers, rights and remedies or performing its duties hereunder or under the other Loan Documents or otherwise in its capacity as such Indemnitee Agent Party in any way relating to or arising out of this Agreement or the other Loan Documents, IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR SOLE NEGLIGENCE OF THE ADMINISTRATIVE AGENT OR ISSUING BANK, as applicable, provided, no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Indemnitee Agent Party's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, nonappealable order. If any indemnity furnished to any Indemnitee Agent Party for any purpose shall, in the opinion of such Indemnitee Agent Party, be insufficient or become impaired, such Indemnitee Agent Party may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided this sentence shall not be deemed to require any Lender to indemnify any Indemnitee Agent Party against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence. Each Lender acknowledges and agrees that for the purposes of this Section 9.03, whenever the Administrative Agent is entitled to retain counsel, such counsel shall be of the Administrative Agent's own selection and, to the extent such fees and expenses are not paid by the Borrowers in accordance with this Section 9.03, the fees and expenses of that counsel shall be within the indemnification provided under this Section (c)."

## ARTICLE II

## CONDITIONS TO CLOSING

This Amendment shall become effective when the Borrowers, the Administrative Agent and the Required Lenders have delivered a duly executed counterpart of this Amendment to the Administrative Agent.

## ARTICLE III

## MISCELLANEOUS

Section 3.1 Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent or any Lender under the Loan Documents, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Loan Documents, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle the Borrowers to consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Loan Documents in similar or different circumstances. All references to the Issuing Bank in the Loan Documents shall continue to refer to JPMorgan. This Amendment is a Loan Document executed pursuant to the Credit Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof. This Amendment shall constitute an amendment only and shall not constitute a novation with regard to the Credit Agreement or any other Loan Document.

Section 3.2 No Representations by Lender or Administrative Agent. The Borrowers hereby acknowledge that they have not relied on any representation, written or oral, express or implied, by the Lender or the Administrative Agent, other than those expressly contained herein, in entering into this Amendment.

Section 3.3 Representations of the Borrowers. Each Borrower represents and warrants to the Administrative Agent and the Lender that

(a) the representations and warranties set forth in the Loan Documents (including with respect to this Amendment and the Credit Agreement as amended hereby) are true and correct in all material respects on and as of the date hereof with the same effect as though made on the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which event such representations and warranties were true and correct in all material respects as of such date, and except that the Borrowers make no representation (i) as to the continued accuracy of the representation and warranty contained in Section 3.02 of the Credit Agreement and (ii) with respect to the second sentence of Section 3.07 of the Credit Agreement, the Specified Default (as defined in the Fourth Amendment and Limited Waiver),

(b) other than the Specified Default (as defined in the Fourth Amendment and Limited Waiver) and the Events of Default described on Schedule I to this Amendment (the "Additional Specified Defaults"), no Default or Event of Default has occurred and is continuing,

(c) the execution, delivery and performance of this Amendment and the performance of the Credit Agreement as modified by this Amendment will not violate any provision of law, any order of any court or other agency of government, the formation or governing documents of any Borrower or any of its Subsidiaries, or any provision of any indenture, note, agreement or other instrument to which any

Borrower or any of its Subsidiaries is a party, or by which it or any of its properties or assets are bound, and the court in which the Bankruptcy Proceeding (as defined on Schedule I to this Amendment) is continuing has issued orders that grant the Borrowers the authority to execute and deliver this Amendment, and those orders remain in effect on the date hereof,

(d) the execution, delivery and performance of this Amendment and the performance of the Credit Agreement as modified by this Amendment will not be in conflict with, result in a breach of or constitute (with or without notice or passage of time) a default under any such indenture, note, agreement or other instrument, and

(e) this Amendment constitutes, and any of the documents required herein will constitute upon execution and delivery, legal, valid, and binding obligations of each Borrower and each of their Subsidiaries party hereto or thereto, each enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 3.4 Borrower Representative. The Borrowers hereby agree that the Successor Agent Agreement dated as of even date herewith, by and among JPMorgan, BNYM, Lender, and the Company is deemed to be a Loan Document as defined in the Credit Agreement, and the Company, as the Borrower Representative, has the authority to enter into such Successor Agent Agreement on behalf of the Borrowers.

Section 3.5 Successors and Assigns. This Amendment shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of the Lender and the Administrative Agent.

Section 3.6 Headings; Entire Agreement. The headings and captions hereunder are for convenience only and shall not affect the interpretation or construction of this Amendment. This Amendment contains the entire understanding of the parties hereto with regard to the subject matter contained herein and supersedes all previous communications and negotiations with regard to the subject matter hereof. No representation, undertaking, promise, or condition concerning the subject matter hereof shall be binding upon the Administrative Agent or any other Secured Party unless clearly expressed in this Amendment or in the other documents referred to herein. No agreement which is reached herein shall give rise to any claim or cause of action except for breach of the express provisions of a legally binding written agreement.

Section 3.7 Severability. The provisions of this Amendment are intended to be severable. If for any reason any provision of this Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 3.8 Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Amendment by signing any such counterpart. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or email with an attached signature page in Adobe pdf format shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 3.9 Costs and Expenses. Subject to the terms set forth in Section 9.03 of the Credit Agreement, the Borrowers agree, jointly and severally, to reimburse the Administrative Agent for reasonable, documented out of pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable documented fees and other reasonable charges and disbursements of one counsel for the Administrative Agent (and such other local and foreign counsel as shall be reasonably required), in connection with this Amendment.

Section 3.10 Governing Law. The whole of this Amendment and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York.

[Remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be duly executed and delivered as of the date first above written.

**BORROWERS:**

VISTEON CORPORATION

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

ARS, INC.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

FAIRLANE HOLDINGS, INC.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

GCM/VISTEON AUTOMOTIVE SYSTEMS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

GCM/VISTEON AUTOMOTIVE LEASING SYSTEMS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

HALLA CLIMATE SYSTEMS ALABAMA CORP.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

INFINITIVE SPEECH SYSTEMS CORP.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON REMANUFACTURING, INCORPORATED

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

SUNGLAS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VC AVIATION SERVICES, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VC REGIONAL ASSEMBLY & MANUFACTURING, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON AC HOLDINGS CORP.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON CLIMATE CONTROL SYSTEMS LIMITED

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON DOMESTIC HOLDINGS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON FINANCIAL CORPORATION

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON GLOBAL TECHNOLOGIES, INC.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON GLOBAL TREASURY, INC.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON INTERNATIONAL BUSINESS DEVELOPMENT, INC.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON LA HOLDINGS CORP.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON SYSTEMS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON TECHNOLOGIES, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

TYLER ROAD INVESTMENTS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

MIG-VISTEON AUTOMOTIVE SYSTEMS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

OASIS HOLDINGS STATUTORY TRUST

By: U.S. Bank National Association (successor to State Street Bank and Trust Company of Connecticut, National Association), not in its individual capacity, but solely as trustee

By /s/ David W. Doucette
Name: David W. Doucette
Title: Vice President

**OTHER GRANTORS:**

VISTEON ASIA HOLDINGS, INC.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON AUTOMOTIVE HOLDINGS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON EUROPEAN HOLDINGS CORPORATION

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON HOLDINGS, LLC

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

VISTEON INTERNATIONAL HOLDINGS, INC.

By /s/ Michael P. Lewis
Name: Michael P. Lewis
Title: Assistant Treasurer

[SIGNATURE PAGE TO EIGHTH AMENDMENT TO CREDIT AGREEMENT]

THE BANK OF NEW YORK MELLON
as Administrative Agent

By /s/ Melinda Valentine
Name: Melinda Valentine
Title: Vice President

[SIGNATURE PAGE TO EIGHTH AMENDMENT TO CREDIT AGREEMENT]

FORD MOTOR COMPANY, as Lender

By /s/ Michael L. Seneski
Name: Michael L. Seneski
Title: Assistant Treasurer

[SIGNATURE PAGE TO EIGHTH AMENDMENT TO CREDIT AGREEMENT]

Schedule I

1. The Default and Event of Default arising from the Borrowers filing of a petition to commence the proceeding entitled In re: Visteon Corporation, et al., Case No. 09-11786 (CSS) ("Bankruptcy Proceeding").

2. The Default and Event of Default arising under Article VII(c), (f) and (g) from Borrowers' failure to comply with Sections 3.02, 3.07 and 4.02(b) of the Credit Agreement.

3. The Default and Event of Default arising under Article VII(g) from Borrowers' failure to comply with the terms of the Term Loan Facility Documents due to their commencement of the Bankruptcy Proceeding.

3. Any Defaults and/or Events of Default that have arisen or would otherwise arise under the Loan Documents as a result of the occurrence and continuance of the Additional Specified Defaults (including, without limitation (A) failure to provide proper notice of such Additional Specified Defaults, (B) breach of any representations or warranties related thereto and (C) any cross default to the Term Loan Facility Documents related thereto).

**EXHIBIT 12.1**

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

| | Nine Months Ended September 30, 2009 | For the Years Ended December 31, 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|
| Earnings | | | | | | |
| Income/(loss) before income taxes, minority interest, discontinued operations and change in accounting and extraordinary item | $ (50) | $ (531) | $ (285) | $ (89) | $ (165) | $ (540) |
| Earnings of non-consolidated affiliates | (52) | (41) | (47) | (33) | (25) | (45) |
| Cash dividends received from non-consolidated affiliates | 6 | 46 | 71 | 24 | 48 | 42 |
| Fixed charges | 113 | 236 | 249 | 212 | 185 | 140 |
| Amortization of capitalized interest, net of interest capitalized | 4 | 7 | 6 | 6 | 4 | 1 |
| Earnings | $ 21 | $ (283) | $ (6) | $ 120 | $ 47 | $ (402) |
| Fixed Charges | | | | | | |
| Interest and related charges on debt | $ 110 | $ 215 | $ 226 | $ 190 | $ 158 | $ 109 |
| Portion of rental expense representative of the interest factor | 16 | 27 | 27 | 23 | 27 | 31 |
| Fixed charges | $ 126 | $ 242 | $ 253 | $ 213 | $ 185 | $ 140 |
| Ratios | | | | | | |
| Ratio of earnings to fixed charges * | 0.2 | N/A | N/A | N/A | N/A | N/A |

* For the years ended December 31, 2008, 2007, 2006, 2005 and 2004 fixed charges exceed earnings by $525 million, $259 million, $93 million, $138 million and $542 million, respectively, resulting in a ratio of less than one.

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

**I, Donald J. Stebbins, certify that:**

1. I have reviewed this Quarterly Report on Form 10-Q of Visteon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2009

/s/ Donald J. Stebbins
Donald J. Stebbins
Chairman and Chief Executive Officer
(Principal Executive Officer)

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

**I, William G. Quigley III, certify that:**

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

Date: October 29, 2009

/s/ William G. Quigley III
William G. Quigley III
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SS.1350
AND EXCHANGE ACT RULE 13a-14(b)

Solely for the purposes of complying with 18 U.S.C. ss.1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), I, the undersigned Chairman and Chief Executive Officer of Visteon Corporation (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2009 (the "Report") fully complies with the requirements of Section 13(a) of the Exchange Act and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald J. Stebbins
Donald J. Stebbins

October 29, 2009

CERTIFICATION PURSUANT TO 18 U.S.C. SS.1350
AND EXCHANGE ACT RULE 13a-14(b)

Solely for the purposes of complying with 18 U.S.C. ss.1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), I, the undersigned Executive Vice President and Chief Financial Officer of Visteon Corporation (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2009 (the “Report”) fully complies with the requirements of Section 13(a) of the Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William G. Quigley III
William G. Quigley III

October 29, 2009