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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 June 30, 2011, or

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

For the transition period from to

Commission File Number 1-15827

VISTEON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State of incorporation)	**38-3519512** (I.R.S. employer Identification number)
One Village Center Drive, Van Buren Township, Michigan (Address of principal executive offices)	**48111** (Zip code)

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ü No____

As of July 29, 2011, the Registrant had outstanding 51,562,741 shares of common stock, par value $ .01 per share.

Exhibit index located on page number 53.

VISTEON CORPORATION AND SUBSIDIARIES
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in Millions, Except Per Share Data)

	Three Months Ended June 30		Six Months Ended June 30	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
Net sales				
Products	$ 2,178	$ 1,889	$ 4,151	$ 3,735
Services	—	56	—	114
	2,178	1,945	4,151	3,849
Cost of sales				
Products	1,981	1,785	3,805	3,214
Services	—	56	—	113
	1,981	1,841	3,805	3,327
Gross margin	197	104	346	522
Selling, general and administrative expenses	111	88	213	201
Reorganization expenses, net	—	39	—	69
Other expense, net	19	13	17	42
Operating income (loss)	67	(36)	116	210
Interest expense	13	129	28	135
Interest income	5	3	11	6
Loss on debt extinguishment	24	—	24	—
Equity in net income of non-consolidated affiliates	43	35	87	65
Income (loss) before income taxes	78	(127)	162	146
Provision for income taxes	34	50	62	75
Net income (loss)	44	(177)	100	71
Net income attributable to non-controlling interests	18	24	35	39
Net income (loss) attributable to Visteon	$ 26	$ (201)	$ 65	$ 32
Per Share Data:				
Net earnings (loss) per basic share attributable to Visteon	$ 0.51	$ (1.55)	$ 1.28	$ 0.25
Net earnings (loss) per diluted share attributable to Visteon	$ 0.50	$ (1.55)	$ 1.25	$ 0.25

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in Millions)

	June 30 2011	December 31 2010
ASSETS		
Cash and equivalents	$ 839	$ 905
Restricted cash	22	74
Accounts receivable, net	1,341	1,092
Inventories, net	419	364
Other current assets	357	267
Total current assets	2,978	2,702
Property and equipment, net	1,640	1,576
Equity in net assets of non-consolidated affiliates	493	439
Intangible assets, net	395	402
Other non-current assets	88	89
Total assets	$ 5,594	$ 5,208
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt, including current portion of long-term debt	$ 91	$ 78
Accounts payable	1,343	1,203
Accrued employee liabilities	203	196
Other current liabilities	289	365
Total current liabilities	1,926	1,842
Long-term debt	505	483
Employee benefits	552	526
Deferred income taxes	206	190
Other non-current liabilities	249	217
Shareholders' equity:		
Preferred stock (par value $0.01, 50 million shares authorized, none outstanding)	—	—
Common stock (par value $0.01, 250 million shares authorized, 51 million shares issued and outstanding)	1	1
Stock warrants	19	29
Additional paid-in capital	1,136	1,099
Retained earnings	151	86
Accumulated other comprehensive income	143	50
Treasury stock	(7)	(5)
Total Visteon Corporation shareholders' equity	1,443	1,260
Non-controlling interests	713	690
Total shareholders' equity	2,156	1,950
Total liabilities and shareholders' equity	$ 5,594	$ 5,208

See accompanying notes to the consolidated financial statements.

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

	Six Months Ended June 30	
	Successor 2011	Predecessor 2010
Operating activities		
Net income	$ 100	$ 71
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	162	140
Pension and OPEB, net	—	(165)
Equity in net income of non-consolidated affiliates, net of dividends remitted	(83)	(62)
Loss on debt extinguishment	24	—
Reorganization expenses, net	—	69
Asset impairment and loss on sale of assets	—	25
Other non-cash items	16	14
Changes in assets and liabilities:		
Accounts receivable	(195)	(106)
Inventories	(40)	(50)
Accounts payable	81	54
Other assets and liabilities	(45)	183
Net cash provided from operating activities	20	173
Investing activities		
Capital expenditures	(126)	(66)
Other, including proceeds from divestitures and asset sales	5	23
Net cash used by investing activities	(121)	(43)
Financing activities		
Cash restriction, net	52	(48)
Short-term debt, net	9	(5)
Proceeds from issuance of debt, net of issuance costs	502	8
Principal payments on debt	(506)	(12)
Rights offering fees	(33)	—
Other	(24)	(18)
Net cash used by financing activities	—	(75)
Effect of exchange rate changes on cash	35	(38)
Net (decrease) increase in cash and equivalents	(66)	17
Cash and equivalents at beginning of period	905	962
Cash and equivalents at end of period	$ 839	$ 979

See accompanying notes to the consolidated financial statements.

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

NOTE 1. Basis of Presentation

Description of Business: Visteon Corporation (the "Company" or "Visteon") is a leading global supplier of climate, interiors, electronics and lighting systems, modules and components to global automotive original equipment manufacturers ("OEMs"). Headquartered in Van Buren Township, Michigan, Visteon has a workforce of approximately 26,700 employees and a network of manufacturing operations, technical centers, and joint ventures in every major geographic region of the world.

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. 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. Interim results are not necessarily indicative of full-year results.

Use of Estimates: The preparation of the 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.

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

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.

Recent Accounting Pronouncements: In June 2011, the Financial Accounting Standards Board ("FASB") issued guidance amending comprehensive income disclosures retrospectively, for fiscal years, and interim reporting periods within those years, beginning after December 15, 2011. This guidance requires disclosures of all nonowner changes (components of comprehensive income) in stockholders' equity to be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In May 2011, the FASB issued guidance amending fair value measurement disclosures for fiscal years, and interim reporting periods within those years, beginning after December 15, 2011. This guidance will increase disclosures and result in common disclosure requirements between GAAP and International Financial Reporting Standards. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

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 ("Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Court"). On October 1, 2010 (the "Effective Date"), the Company emerged from bankruptcy. The Company adopted fresh-start accounting upon emergence from the chapter 11 proceedings and became a new entity for financial reporting purposes as of the Effective Date. Therefore, the consolidated financial statements for the reporting entity subsequent to the Effective

NOTE 1. Basis of Presentation — (Continued)

Date (the “Successor”) are not comparable to the consolidated financial statements for the reporting entity prior to the Effective Date (the “Predecessor”).

Revenues, expenses, realized gains and losses and provisions for losses directly associated with the reorganization of the business prior to the Effective Date have been reported separately as Reorganization expenses, net in the Company’s statement of operations and include the following:

	Predecessor	
	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
	(Dollars in Millions)	
Professional fees	$ 38	$ 58
Other direct costs, net	1	11
	$ 39	$ 69
Cash payments for reorganization expenses	$ 29	$ 47

Other Expense, Net: Other expense, net consists of the following:

	Three Months Ended June 30		Six Months Ended June 30	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)			
Restructuring	$ 19	$ 9	$ 17	$ 17
Loss on sale of assets	—	—	—	21
Asset impairment	—	4	—	4
	$ 19	$ 13	$ 17	$ 42

The Company has undertaken various restructuring activities to achieve its strategic and financial objectives. Restructuring activities include, but are not limited to, plant closures, production relocation, administrative cost structure realignment and consolidation of available capacity and resources. The Company expects to finance restructuring programs through cash on hand, cash generated from its ongoing operations, reimbursements pursuant to customer accommodation and support agreements or through cash available under its existing debt agreements, subject to the terms of applicable covenants. Restructuring costs are recorded as elements of a plan are finalized and the timing of activities and the amount of related costs are not likely to change. However, such costs are estimated based on information available at the time such charges are recorded. In general, management anticipates that restructuring activities will be completed within a timeframe such that significant changes to the plan are not likely. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially estimated.

During June 2011, the Company informed employees at its Cadiz Electronics operation in El Puerto de Santa Maria, Spain of its intention to permanently cease production and close the facility. Following this announcement, Visteon commenced discussions with the local unions, works committee and appropriate public authorities regarding specific closure arrangements. The anticipated closure is expected to result in the separation of approximately 400 employees and is expected to be completed by June 30, 2012. The Company recorded approximately $21 million for severance and termination benefits during the three months ended June 30, 2011, representing the minimum amount of employee separation costs pursuant to statutory regulations, all of which are expected to be cash separation payments. Further, the Company anticipates incurring additional costs in connection with the closure that are likely to be material, however,

NOTE 1. Basis of Presentation — (Continued)

an estimate of the amount or range of amounts of these costs cannot be determined at this time because they are subject to the outcome of substantive negotiations with the aforementioned parties and other factors. Additionally, the Company reversed approximately $2 million of previously recorded restructuring accruals during the second quarter of 2011 due to lower than estimated severance and termination benefit costs associated with the consolidation of the Company's Electronics operations in South America.

During the first quarter of 2011, the Company recorded approximately $4 million for employee severance and termination benefits associated with previously announced actions at two European Interiors facilities. The Company also reversed $6 million of previously established accruals for employee severance and termination benefits at a European Interiors facility pursuant to a March 2011 contractual agreement to cancel the related social plan.

During the first half of 2010, the Company recorded $17 million of restructuring expenses, including $6 million of employee severance and termination benefits to streamline corporate administrative and support functions; $4 million of employee severance and termination benefits related to the closure of a European Interiors facility; $4 million of equipment move and relocation costs; $2 million of employee severance and termination benefits related to previously announced actions in connection with customer accommodation and support agreements; and approximately $1 million of additional employee severance and termination benefits related to a customer support agreement.

Given the economically-sensitive and highly competitive nature of the automotive industry, the Company continues to closely monitor current market factors and industry trends taking action as necessary, including but not limited to, additional restructuring actions. However, there can be no assurance that any such actions will be sufficient to fully offset the impact of adverse factors on the Company or its results of operations, financial position and cash flows.

In June 2010, the Company reached an agreement to sell its entire 46.6% interest in the shares of Toledo Molding & Die, Inc. ("TMD"), a supplier of interior components, for proceeds of approximately $10 million. This agreement was subsequently approved by the Court on July 15, 2010. Accordingly, the Company recorded an impairment charge of approximately $4 million, representing the difference between the carrying value of the Company's investment in TMD and the expected share sale proceeds, during the second quarter of 2010 for the resulting "other than temporary" impairment of its investment in TMD.

On March 8, 2010, the Company completed the sale of substantially all of the assets of Atlantic Automotive Components, L.L.C., ("Atlantic"), to JVIS Manufacturing LLC, an affiliate of Mayco International LLC. The Company recorded losses of approximately $21 million in connection with the sale of Atlantic assets during the first quarter of 2010.

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

NOTE 1. Basis of Presentation — (Continued)

Restricted Cash: Restricted cash represents amounts designated for uses other than current operations and includes $15 million related to outstanding letters of credit and $7 million for affiliate debt, lease and tax payment guarantees at June 30, 2011. Restricted cash decreased by $52 million during 2011 primarily due to the disbursement of previously escrowed funds to settle reorganization related professional fees.

NOTE 2. 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:

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Raw materials	$ 154	$ 120
Work-in-process	185	174
Finished products	93	76
	432	370
Valuation reserves	(13)	(6)
	$ 419	$ 364

NOTE 3. Other Assets

Other current assets consist of the following:

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Recoverable taxes	$ 114	$ 80
Pledged accounts receivable	90	90
Dividends receivable	41	—
Deposits	34	35
Deferred tax assets	32	33
Prepaid assets	24	16
Other	22	13
	$ 357	$ 267

Dividends receivable increased $41 million due to dividend declarations by various affiliates in Asia, primarily Yanfeng Automotive Trim Systems Ltd., in the second quarter of 2011 for which payment is expected during the third quarter of 2011.

NOTE 3. Other Assets — (Continued)

Other non-current assets consist of the following:

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Deposits	$ 25	$ 24
Deferred tax assets	16	13
Income tax receivable	13	14
Debt issue costs	9	12
Notes and other receivables	6	6
Other	19	20
	$ 88	$ 89

NOTE 4. Property and Equipment

Property and equipment, net consists of the following:

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Land	$ 216	$ 207
Buildings and improvements	334	312
Machinery, equipment and other	1,061	935
Construction in progress	124	93
Total property and equipment	1,735	1,547
Accumulated depreciation	(186)	(55)
	1,549	1,492
Product tooling, net of amortization	91	84
Property and equipment, net	$ 1,640	$ 1,576

Property and equipment is depreciated principally using the straight-line method of depreciation over an estimated useful life. Generally, buildings and improvements are depreciated over a 40-year estimated useful life and machinery, equipment and other assets are depreciated over estimated useful lives ranging from 3 to 15 years. Product tooling is amortized using the straight-line method over the estimated life of the tool, generally not exceeding six years.

Depreciation and amortization expenses are summarized as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)			
Depreciation	$ 70	$ 62	$ 131	$ 129
Amortization	4	5	9	11
	$ 74	$ 67	$ 140	$ 140

NOTE 5. Non-Consolidated Affiliates

The Company recorded equity in net income of non-consolidated affiliates of $43 million and $35 million for the three-month periods ended June 30, 2011 and 2010, respectively. For the six-month periods ended June 30, 2011 and 2010, the Company recorded $87 million and $65 million, respectively. The Company had $493 million and $439 million of equity in the net assets of non-consolidated affiliates at June 30, 2011 and December 31, 2010, respectively. The following table presents summarized financial data for the Company's non-consolidated affiliates, including Yanfeng Visteon Automotive Trim Systems Co., Ltd ("Yanfeng"), of which the Company owns a 50% interest and which is considered a significant non-consolidated affiliate. Summarized financial information reflecting 100% of the operating results of the Company's equity investees are provided below for the three-month and six-month periods ended June 30.

	Three Months Ended June 30					
	Net Sales		Gross Margin		Net Income	
	2011	2010	2011	2010	2011	2010
	(Dollars in Millions)					
Yanfeng	$ 739	$ 595	$ 128	$ 97	$ 63	$ 49
All other	205	233	37	33	22	21
	$ 944	$ 828	$ 165	$ 130	$ 85	$ 70

	Six Months Ended June 30					
	Net Sales		Gross Margin		Net Income	
	2011	2010	2011	2010	2011	2010
	(Dollars in Millions)					
Yanfeng	$ 1,459	$ 1,121	$ 237	$ 185	$ 132	$ 98
All other	392	453	70	68	41	29
	$ 1,851	$ 1,574	$ 307	$ 253	$ 173	$ 127

The Company monitors its investments in the net assets of non-consolidated affiliates for indicators of other-than-temporary declines in value on an ongoing basis. If the Company determines that such a decline has occurred, an impairment loss is recorded, which is measured as the difference between carrying value and fair value.

NOTE 6. Intangible Assets

Intangible assets, net are comprised of the following:

	June 30, 2011			December 31, 2010		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	(Dollars in Millions)					
Definite-lived intangible assets						
Developed technology	$ 222	$ 21	$ 201	$ 214	$ 7	$ 207
Customer related	126	11	115	121	3	118
Other	18	2	16	15	1	14
	$ 366	$ 34	$ 332	$ 350	$ 11	$ 339
Goodwill and indefinite-lived intangible assets						
Goodwill			$ 36			$ 38
Trade names			27			25
			$ 63			$ 63
Total Intangible assets, net			$ 395			$ 402

The Company recorded approximately $11 million and $22 million of amortization expense for the three-month and six-month periods ended June 30, 2011, respectively, related to definite-lived intangible assets. The Company currently estimates annual amortization expense to be $45 million in 2011 and $43 million each year for 2012 through 2015. Goodwill and trade names, substantially all of which relate to the Company's Climate reporting unit, are not amortized but are tested for impairment at least annually. Impairment testing is required more often if an event or circumstance indicates that an impairment is more likely than not to have occurred. In conducting impairment testing, the fair value of the reporting unit is compared to the net book value of the reporting unit. If the net book value exceeds the fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing as of the first day of the fourth quarter.

NOTE 7. Other Liabilities

Other current liabilities are summarized as follows:

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Product warranty and recall reserves	$ 44	$ 44
Non-income taxes payable	44	41
Restructuring reserves	42	43
Reorganization related accruals	22	97
Income taxes payable	20	38
Deferred income	20	6
Other accrued liabilities	97	96
	$ 289	$ 365

Restructuring reserves of $42 million and $43 million at June 30, 2011 and December 31, 2010, respectively, are classified as other current liabilities on the consolidated balance sheets. The

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NOTE 7. Other Liabilities — (Continued)

Company anticipates that the activities associated with these reserves will be substantially completed within the next 12 months.

The following is a summary of the Company's consolidated restructuring reserves and related activity for the six months ended June 30, 2011.

	Interiors	Climate	Electronics	Lighting	Central	Total
			(Dollars in Millions)			
December 31, 2010	$ 37	$ 2	$ 3	$ —	$ 1	$ 43
Expenses	4	—	—	—	—	4
Reversal	(6)	—	—	—	—	(6)
Foreign currency	1	—	—	—	—	1
Utilization	(12)	—	(1)	—	(1)	(14)
March 31, 2011	$ 24	$ 2	$ 2	$ —	$ —	$ 28
Expenses	—	—	21	—	—	21
Reversal	—	—	(2)	—	—	(2)
Foreign currency	1	—	—	—	—	1
Utilization	(6)	—	—	—	—	(6)
June 30, 2011	$ 19	$ 2	$ 21	$ —	$ —	$ 42

Restructuring reserves as of June 30, 2011 includes $21 million for severance and termination benefits for employees of the Company's Cadiz Electronics operation in El Puerto de Santa Maria, Spain pursuant to a June 2011 closure announcement and $16 million of severance and termination benefits for former employees of the Company's Rennes, France Interiors operation that was divested in December 2010. Utilization of $20 million represents payments for employee severance and termination benefits related to previously announced restructuring actions. Restructuring expenses and reversals for the first half of 2011 are further discussed in Note 1, "Basis of Presentation," to the consolidated financial statements.

Other non-current liabilities consist of the following:

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Income tax reserves	$ 109	$ 96
Non-income tax payable	48	43
Deferred income	41	20
Product warranty and recall reserves	33	31
Other accrued liabilities	18	27
	$ 249	$ 217

Current and non-current deferred income of $15 million and $34 million, respectively, relate to various customer accommodation, support and other agreements. Revenue associated with these agreements is being recorded in relation to the delivery of associated products, assets and/or services in accordance with the terms of the underlying agreement or over the estimated period of benefit to the customer, generally representing the duration of remaining production on current vehicle platforms. The Company recorded $11 million and $12 million, respectively, of revenue associated with these settlement payments during the three and six months ended June 30, 2011. The Company expects to record approximately $8 million,

NOTE 7. Other Liabilities — (Continued)

$16 million, $13 million, $11 million, and $1 million of deferred amounts in the remainder of 2011 and the annual periods of 2012, 2013, 2014, and 2015, respectively.

NOTE 8. Debt

As of June 30, 2011, the Company had outstanding $91 million and $505 million of short-term debt and long-term debt, respectively. The Company's short and long-term debt balances consist of the following:

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Short-term debt		
Current portion of long-term debt	$ 1	$ 7
Other — short-term	90	71
Total short-term debt	91	78
Long-term debt		
6.75% senior notes due April 15, 2019	494	—
Term loan	—	472
Other	11	11
Total long-term debt	505	483
Total debt	$ 596	$ 561

On April 6, 2011, the Company completed the sale of $500 million aggregate principal amount of 6.75% senior notes due April 15, 2019 (the "Senior Notes") and repaid its obligations under the Term Loan Credit Agreement ("Term Loan") represented by the outstanding principal amount of $498 million, which was included as a financing activity in the Company's consolidated statements of cash flows. During the second quarter of 2011, the Company recorded $24 million of losses on the early extinguishment of the Term Loan including $21 million of unamortized original issuance discount and debt fees that were recorded net of the Term Loan principal on the face of the Company's consolidated balance sheets immediately prior to extinguishment.

The Senior Notes were issued under an Indenture, dated April 6, 2011 (the "Indenture"), among the Company, the subsidiary guarantors named therein, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Indenture and the form of Senior Notes provide, among other things, that the Senior Notes will be senior unsecured obligations of the Company. Interest is payable on the Senior Notes on April 15 and October 15 of each year beginning on October 15, 2011 until maturity. Each of the Company's existing and future 100% owned domestic restricted subsidiaries that guarantee debt under the Company's asset-based credit facility guarantee the Senior Notes.

The terms of the Indenture, among other things, limit the ability of the Company and certain of its subsidiaries to make restricted payments; restrict dividends or other payments of subsidiaries; incur additional debt; engage in transactions with affiliates; create liens on assets; engage in sale and leaseback transactions; and consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries. The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others: nonpayment of principal or interest; breach of other agreements in the Indenture; defaults in failure to pay certain other indebtedness; the rendering of judgments to pay certain amounts of money against the Company and its subsidiaries; the failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency. Generally, if an event of default occurs and is not cured within the time periods specified, the Trustee or the holders of at least 25%

NOTE 8. Debt — (Continued)

in principal amount of the then outstanding series of Senior Notes may declare all the Senior Notes of such series to be due and payable immediately.

The Senior Notes were sold to the initial purchasers who are party to a certain purchase agreement (the "Initial Purchasers") for resale to qualified institutional buyers under Rule 144A and to persons outside the United States under Regulation S. Pursuant to the terms of the registration rights agreement, dated April 6, 2011 (the "Registration Rights Agreement"), among the Company, the subsidiary guarantors named therein and the Initial Purchasers, the Company has agreed to offer to exchange substantially identical senior notes that have been registered under the Securities Act of 1933, as amended, for the Senior Notes, or, in certain circumstances, to register resales of the Senior Notes.

In addition, the Company and certain of its domestic subsidiaries entered into a second amendment to the Company's Revolving Loan Credit Agreement (the "Amendment"), whereby the Company's Revolving Loan Credit Agreement (the "Revolver") was amended and restated. The Amendment, among other things, reduces the commitment fee on undrawn amounts, decreases certain applicable margins and modifies or replaces certain of the covenants and other provisions. On April 1, 2011 the Company and certain of its domestic subsidiaries entered an incremental revolving loan amendment, whereby the commitment amounts under the Revolver were increased by $20 million, to a total facility size of $220 million, subject to borrowing base requirements.

Fair Value

The fair value of debt was approximately $578 million and $566 million at June 30, 2011 and December 31, 2010, respectively. Fair value estimates were based on quoted market prices or current rates for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities.

NOTE 9. Employee Retirement Benefits

Benefit Expenses

The components of the Company's net periodic benefit costs for the three-month periods ended June 30, 2011 and 2010 were as follows:

	Retirement Plans				Health Care and Life Insurance Benefits	
	U.S. Plans		Non-U.S. Plans			
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)					
Service cost	$ 1	$ 2	$ 2	$ 1	$ —	$ —
Interest cost	18	19	7	6	—	—
Expected return on plan assets	(18)	(19)	(5)	(4)	—	—
Reinstatement (termination) of benefits	—	—	—	—	(2)	150
Amortization of:						
Plan amendments	—	—	—	—	—	(70)
Actuarial losses and other	—	1	—	—	—	(5)
Visteon sponsored plan net periodic benefit costs	1	3	4	3	(2)	75
Expense for certain salaried employees whose pensions are partially covered by Ford	—	1	—	—	—	(2)
Net periodic benefits costs, excluding restructuring	$ 1	$ 4	$ 4	$ 3	$ (2)	$ 73

NOTE 9. Employee Retirement Benefits — (Continued)

The components of the Company's net periodic benefit costs for the six-month periods ended June 30, 2011 and 2010 were as follows:

	Retirement Plans				Health Care and Life Insurance Benefits	
	U.S. Plans		Non-U.S. Plans			
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)					
Service cost	$ 2	$ 5	$ 3	$ 3	$ —	$ —
Interest cost	37	38	14	12	—	1
Expected return on plan assets	(37)	(37)	(9)	(9)	—	—
Reinstatement (termination) of benefits	—	—	—	—	(2)	151
Amortization of:						
Plan amendments	—	(1)	—	1	—	(356)
Actuarial losses and other	—	1	—	—	—	43
Special termination benefits	2	—	—	—	—	—
Curtailments	—	(1)	—	—	—	—
Settlements	—	—	—	—	—	(1)
Visteon sponsored plan net periodic benefit costs	4	5	8	7	(2)	(162)
Expense for certain salaried employees whose benefits are partially covered by Ford	—	1	—	—	—	(4)
Net periodic benefits costs, excluding restructuring	$ 4	$ 6	$ 8	$ 7	$ (2)	$ (166)
Special termination benefits	—	2	—	—	—	—
Total employee retirement benefit related restructuring costs	$ —	$ 2	$ —	$ —	$ —	$ —

Postretirement Employee Health Care and Life Insurance Benefits

In connection with the Company's reorganization proceedings under the Bankruptcy Code, the Debtors filed a motion with the Court requesting an order authorizing the Debtors to modify or terminate postretirement health care and life insurance benefits ("OPEB") under certain Company-sponsored OPEB plans. In December 2009, the Court granted the Debtors' motion, in part, and the Company eliminated certain of these benefits effective April 1, 2010, for current and future U.S. retirees, their spouses, surviving spouses, domestic partners and dependents, with the exception of participants covered by the current collective bargaining agreement ("CBA") at the North Penn facility. This change resulted in curtailment gains of $153 million and a reduction in other postretirement employee benefit liabilities and an increase in other comprehensive income of approximately $273 million establishing a new prior service cost base during the fourth quarter of 2009. In February 2010, the Court issued an order confirming the Debtors' authority to enter into an agreement with the International Union United Automobile, Aerospace and Agricultural Implement Workers of America and its local union 1695, in connection with the closing of the Debtors' North Penn facility located in Lansdale, Pennsylvania (the "Closure Agreement"). Pursuant to terms of the Closure Agreement, the North Penn CBA expired in

NOTE 9. Employee Retirement Benefits — (Continued)

February 2010 and the Company communicated its intent to eliminate Company-paid medical, prescription drug, dental and life insurance benefits for participants associated with the North Penn CBA effective June 1, 2010. This change resulted in a reduction in other postretirement employee benefit liabilities and an increase in other comprehensive income of approximately $50 million establishing a new prior service cost base. Reductions associated with terminated other postretirement employee benefits discussed above, in addition to reductions for prior plan amendments and actuarial gains and losses, were amortized as a net decrease to future postretirement employee benefit expense over the remaining period of expected benefit. This amortization resulted in a decrease to postretirement employee benefit expense and other comprehensive income of approximately $75 million and $312 million during the three and six-month periods ended June 30, 2010.

On December 29, 2009, the IUE-CWA, the Industrial Division of the Communications Workers of America, AFL-CIO, CLC, filed a notice of appeal of the Court's order with the District Court for the District of Delaware (the "District Court") on behalf of certain former employees of the Company's Connersville and Bedford, Indiana facilities. On March 30, 2010, the District Court affirmed the Court's order in all respects. On April 1, 2010, the IUE filed a notice of appeal, and subsequently a motion for expedited treatment of the appeal and for a stay pending appeal, with the United States Court of Appeals for the Third Circuit (the "Circuit Court"). On April 13, 2010, the Circuit Court granted the motion to expedite and denied the motion for stay pending appeal. On July 13, 2010, the Circuit Court reversed the order of the District Court and the Court permitting the Company to terminate other postretirement employee benefits without complying with the requirements of Bankruptcy Code Section 1114 and directed the District Court to, among other things, direct the Court to order the Company to take whatever action is necessary to immediately restore all terminated or modified benefits to their pre-termination/modification levels. During the second quarter of 2010, the Company recorded an increase in other postretirement employee benefit expense of $150 million for the reinstatement of these benefits for certain former employees of the Company's Connersville and Bedford facilities. On August 17, 2010 the Court issued an order requiring the Company to retroactively restore terminated or modified benefits from April 1, 2010 forward for all plan participants except those subject to the North Penn CBA. Accordingly, during the third quarter of 2010 the Company recorded $155 million for the reinstatement of such benefits.

On September 16, 2010, the Court issued an order approving the Memorandum of Agreement between the IUE-CWA and the Company pursuant to which the parties agreed that $12 million would be paid in full settlement of the OPEB obligations for the former Connersville and Bedford employees under Section 1114 of the Bankruptcy Code. The Company recorded a reduction in related OPEB liabilities of approximately $140 million and an increase to other comprehensive income of which $18 million was recognized in net income during the third quarter of 2010. On October 1, 2010 the first $6 million installment under this agreement was paid by the Company with the remaining amount paid on January 3, 2011.

In October 2010, the Company notified participants of the remaining U.S. OPEB plans that Company-paid medical, prescription drug, dental and life insurance coverage would be eliminated effective November 1, 2010 for current and future U.S. retirees, their spouses, surviving spouses, domestic partners and dependents. During the fourth quarter of 2010, the Company eliminated related OPEB liabilities of $146 million, recording benefits of $133 million in cost of sales and $13 million in selling, general and administrative expense on the consolidated statement of operations for the three-month period ended December 31, 2010. Eligible retirees who retired prior to November 1, 2010 were provided the opportunity to elect retiree Lifetime COBRA. Upon retirement, future eligible retirees, their spouses, same-sex domestic partners and eligible children have access to medical, prescription drug and dental coverage by paying the full group rate for such coverage. During the three-month period ended June 30, 2011 the

NOTE 9. Employee Retirement Benefits — (Continued)

Company revised its estimate of claims incurred prior to November 1, 2010 but unpaid resulting in recognition of income during the period of $2 million.

The Patient Protection and Affordable Care Act and the Health Care Education and Affordability Reconciliation Act

In March 2010, the Patient Protection and Affordable Care Act and the Health Care Education and Affordability Reconciliation Act (the “Acts”) were signed into law. The Acts contain provisions which could impact the Company’s accounting for retiree medical benefits. Accordingly, the Company completed an assessment of the Acts in connection with the reinstatement of other postretirement employee benefits for certain former employees of the Company’s Connersville and Bedford facilities in the second quarter of 2010 and all other reinstated plans in the third quarter of 2010 and increased the related benefit liabilities by approximately $6 million, based upon the Company’s current interpretation of the Acts. These amounts are included in the reinstatement charges discussed above and may be revised upon issuance of final regulations.

Contributions

During the six-month period ended June 30, 2011, contributions to the Company’s U.S. retirement plans and OPEB plans were $8 million and $5 million, respectively and contributions to non-U.S. retirement plans were $5 million. The Company anticipates additional contributions to its U.S. retirement plans and OPEB plans of $40 million and $1 million, respectively, during 2011. The Company also anticipates additional 2011 contributions to non-U.S. retirement plans of $15 million.

NOTE 10. Income Taxes

The Company’s provision for income tax of $34 million and $62 million for the three-month and six-month periods ended June 30, 2011 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 other non-recurring tax items.

The Company’s provision for income taxes in interim periods is computed by applying an estimated annual effective tax rate against income before income taxes, excluding equity in net income of non-consolidated affiliates 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 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 amount of income tax expense or benefit allocated to continuing operations is generally determined without regard to the tax effects of other categories of income or loss, such as other comprehensive income. However, an exception to the general rule is provided when there is a pre-tax loss from continuing operations and net pre-tax income from other categories in the current year. In such instances, net pre-tax income from other categories must offset the current loss from operations, the tax benefit of such offset being reflected in continuing operations even when a valuation allowance has been established against the

NOTE 10. Income Taxes — (Continued)

deferred tax assets. In instances where a valuation allowance is established against current year operating losses, net pre-tax income from other sources, including other comprehensive income, is considered when determining whether sufficient future taxable income exists to realize the deferred tax assets.

Unrecognized Tax Benefits

Gross unrecognized tax benefits were $146 million at June 30, 2011 and $131 million at December 31, 2010, of which approximately $83 million and $74 million, respectively, represent the amount of unrecognized benefits that, if recognized, would impact the effective tax rate. During the three-month and six-month periods ended June 30, 2011, the Company increased its gross unrecognized tax benefits for positions expected to be taken in future tax returns, primarily related to the allocation of costs among our global operations, and foreign currency impacts. The Company records interest and penalties related to uncertain tax positions as a component of income tax expense. Accrued interest and penalties related to uncertain tax positions was $26 million at June 30, 2011 and $22 million at December 31, 2010.

The Company operates in multiple jurisdictions throughout the world and the income tax returns of its subsidiaries in various tax jurisdictions are subject to periodic examination by respective tax authorities. With few exceptions, the Company is no longer subject to U.S. federal tax examinations for years before 2006 or state and local, or non-U.S. income tax examinations for years before 2002. It is reasonably possible that the amount of the Company's unrecognized tax benefits may change within the next twelve months due to the conclusion of ongoing audits or the expiration 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. However, the Company believes it is reasonably possible it will reduce the amount of its existing unrecognized tax benefits impacting the effective tax rate by $5 million to $10 million due to the lapse of jurisdictional statues of limitations within the next 12 months.

NOTE 11. Shareholders' Equity and Noncontrolling Interests

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

	Three Months Ended June 30					
	Successor			Predecessor		
	2011			2010		
	Visteon	NCI	Total	Visteon	NCI	Total
	(Dollars in Millions)					
Shareholders' equity (deficit) beginning balance	$ 1,365	$ 693	$ 2,058	$ (732)	$ 324	$ (408)
Net income (loss)	26	18	44	(201)	24	(177)
Other comprehensive income (loss):						
Foreign currency translation adjustment	37	9	46	(88)	(15)	(103)
Pension and other postretirement benefits	1	—	1	(73)	—	(73)
Other	2	—	2	(3)	—	(3)
Total other comprehensive income (loss)	40	9	49	(164)	(15)	(179)
Stock-based compensation, net	10	—	10	—	—	—
Warrant exercises	2	—	2	—	—	—
Dividends to noncontrolling interests	—	(7)	(7)	—	(6)	(6)
Shareholders' equity (deficit) ending balance	$ 1,443	$ 713	$ 2,156	$ (1,097)	$ 327	$ (770)

	Six Months Ended June 30					
	Successor			Predecessor		
	2011			2010		
	Visteon	NCI	Total	Visteon	NCI	Total
	(Dollars in Millions)					
Shareholders' equity (deficit) beginning balance	$ 1,260	$ 690	$ 1,950	$ (772)	$ 317	$ (455)
Net income (loss)	65	35	100	32	39	71
Other comprehensive income (loss):						
Foreign currency translation adjustment	84	18	102	(107)	(10)	(117)
Pension and other postretirement benefits	3	—	3	(250)	—	(250)
Other	6	1	7	—	2	2
Total other comprehensive income (loss)	93	19	112	(357)	(8)	(365)
Stock-based compensation, net	20	—	20	—	—	—
Warrant exercises	5	—	5	—	—	—
Dividends to noncontrolling interests	—	(31)	(31)	—	(21)	(21)
Shareholders' equity (deficit) ending balance	$ 1,443	$ 713	$ 2,156	$ (1,097)	$ 327	$ (770)

NOTE 11. Shareholders' Equity and Noncontrolling Interests — (Continued)

Noncontrolling Interests

Noncontrolling interests in the Visteon Corporation economic entity are as follows:

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Halla Climate Control Corporation	$ 652	$ 632
Duck Yang Industries Co. Ltd	30	28
Visteon Interiors Korea Ltd	19	19
Other	12	11
Total noncontrolling interests	$ 713	$ 690

The Company holds a 70% interest in Halla Climate Control Corporation ("Halla"), a consolidated subsidiary. Halla is headquartered in South Korea with operations in North America, Europe and Asia. Halla designs, develops and manufactures automotive climate control products, including air-conditioning systems, modules, compressors, and heat exchangers for sale to global OEMs.

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

	June 30 2011	December 31 2010
	(Dollars in Millions)	
Foreign currency translation adjustments, net of tax	$ 85	$ 1
Pension and other postretirement benefit adjustments, net of tax	54	51
Unrealized gain/ (loss) on derivatives	4	(2)
Total Visteon Accumulated other comprehensive income	$ 143	$ 50

NOTE 12. Earnings Per Share

Basic earnings (loss) per share of common stock is calculated by dividing reported net income (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 earnings per share takes into account the effect of dilutive potential common stock, such as stock warrants and stock options.

NOTE 12. Earnings Per Share — (Continued)

	Three Months Ended June 30		Six Months Ended June 30	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)			
Numerator:				
Net income (loss) attributable to Visteon	$ 26	$ (201)	$ 65	$ 32
Denominator:				
Average common stock outstanding	51.0	130.3	50.9	130.3
Less: Average restricted stock outstanding	—	(0.9)	—	—
Basic shares	51.0	129.4	50.9	130.3
Add: Diluted effect of warrants	0.9	—	1.2	—
Diluted shares	51.9	129.4	52.1	130.3
Basic and Diluted Earnings (Loss) Per Share Attributable to Visteon:				
Basic	$ 0.51	$ (1.55)	$ 1.28	$ 0.25
Diluted	$ 0.50	$ (1.55)	$ 1.25	$ 0.25

Unvested restricted stock is a participating security and is therefore included in the computation of basic earnings per share under the two-class method. Diluted earnings per share is computed using the treasury stock method, dividing net income by the average number of shares of common stock outstanding, including the dilutive effect of the warrants, using the average share price during the period. There is no difference in diluted earnings per share between the two-class and treasury stock method. Stock options and stock warrants with exercise prices that exceed the average market price of the Company's common stock have an anti-dilutive effect and therefore were excluded from the computation of diluted earnings per share. The number of stock options excluded from the computation of diluted earnings per share was 8 million and 9 million for the three and six months ended June 30, 2010, respectively. The number of stock warrants excluded from the computation of diluted earnings per share was 25 million for the three and six months ended June 30, 2010.

NOTE 13. Fair Value Measurements and Financial Instruments

Fair Value Hierarchy

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 13. Fair Value Measurements and Financial Instruments — (Continued)

Financial Instruments

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 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. The Company utilizes a strategy of partial coverage, based on risk management policies, for transactions in these currencies. As of June 30, 2011 and December 31, 2010, the Company had forward contracts to hedge changes in foreign currency exchange rates with notional amounts of approximately $595 million and $529 million, respectively. A portion of these instruments have been designated as cash flow hedges with the effective portion of the gain or loss reported in the accumulated other comprehensive income component of shareholders' equity in the Company's consolidated balance sheets. The ineffective portion of these instruments is recorded as cost of sales in the Company's consolidated statements of operations.

Foreign currency hedge instruments are measured at fair value on a recurring basis 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. Accordingly, the Company's foreign currency instruments are classified as Level 2, "Other Observable Inputs" in the fair value hierarchy. As of June 30, 2011, the Company's foreign currency hedge instruments represent a net asset of $8 million.

During the second quarter of 2011, the Company terminated interest rate swaps with a notional amount of $250 million related to the $500 million Term Loan due October 2017. These interest rate swaps had been designated as cash flow hedges and were settled for a loss of less than $1 million, which was recorded as interest expense. The Company repaid its obligations under the Term Loan following the completion of the sale of the $500 million aggregate principal amount of 6.75% senior notes due April 15, 2019.

As of December 31, 2010, the Company had interest rate swaps with a notional amount of $250 million that effectively converted designated cash flows associated with underlying interest payments on the Term Loan from a variable interest rate to a fixed interest rate. The instruments had been designated as cash flow hedges with the effective portion of the gain or loss reported in the accumulated other comprehensive income component of shareholders' equity in the Company's consolidated balance sheet. The ineffective portion of these swaps was assessed based on the hypothetical derivative method and was recorded as interest expense in the Company's consolidated statement of operations.

Interest rate swaps are measured at fair value on a recurring basis 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. Accordingly, the Company's interest rate swaps are classified as Level 2, "Other Observable Inputs" in the fair value hierarchy.

NOTE 13. Fair Value Measurements and Financial Instruments — (Continued)

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 are included in the Company's consolidated balance sheets at June 30, 2011 and December 31, 2010 as follows:

	Assets			Liabilities		
Risk Hedged	Classification	2011	2010	Classification	2011	2010
		(Dollars in millions)				
Foreign currency	Other current assets	$ 7	$ —	Other current assets	$ 1	$ 1
Non-designated Foreign currency	Other current assets	2	2	Other current assets	—	—
Foreign currency	Other current liabilities	—	1	Other current liabilities	—	2
Non-designated Foreign currency	Other current liabilities	—	2	Other current liabilities	—	1
Interest rates	Other non-current assets	—	—	Other non-current liabilities	—	1
		$ 9	$ 5		$ 1	$ 5

The impact of derivative financial instruments on the Company's financial statements, as recorded in cost of sales for the three months ended June 30, 2011 and 2010 is as follows:

	Amount of Gain (Loss)					
	Recorded in AOCI		Reclassified from AOCI into Income		Recorded in Income	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)					
Foreign currency risk — Cost of sales						
Cash flow hedges	$ 2	$ (5)	$ 4	$ (1)	$ —	$ —
Non-designated cash flow hedges	—	—	—	—	(3)	(3)
Total	$ 2	$ (5)	$ 4	$ (1)	$ (3)	$ (3)

NOTE 13. Fair Value Measurements and Financial Instruments — (Continued)

The impact of derivative financial instruments on the Company's financial statements, as recorded in cost of sales, for the six months ended June 30, 2011 and 2010 is as follows:

	Amount of Gain (Loss)					
	Recorded in AOCI		Reclassified from AOCI into Income		Recorded in Income	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)					
Foreign currency risk						
Cash flow hedges	$ 5	$ —	$ 6	$ 2	$ —	$ —
Non-designated cash flow hedges	—	—	—	—	(4)	(1)
Total	$ 5	$ —	$ 6	$ 2	$ (4)	$ (1)
Interest rate risk						
Cash flow hedges	1	—	—	—	—	—
Total	$ 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 counterparty credit exposure, and through monitoring of counterparty financial condition and related credit risks. The Company's concentration of credit risk related to derivative contracts at June 30, 2011 was not significant. 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 June 30, 2011 and December 31, 2010, respectively.

	June 30 2011	December 31 2010
Ford and affiliates	25%	22%
Hyundai Motor Company	15%	17%
Hyundai Mobis Company	12%	14%

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

NOTE 14. Commitments and Contingencies

Guarantees and Commitments

The Company has guaranteed approximately $45 million for lease payments related to its subsidiaries for between one and ten years. 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, the term of this guarantee is dependent upon certain contingent events as set forth in the PBGC Agreement.

NOTE 14. Commitments and Contingencies — (Continued)

In December 2010, the Company entered into a stipulation agreement obligating the Company to purchase certain professional services totaling $14 million on or before February 29, 2012. This agreement was contingent on Court approval and was subsequently re-negotiated in March 2011, whereby the obligation was reduced to $13 million. This agreement was approved by the Court in April 2011.

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 continued 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 until their emergence on October 1, 2010.

In December of 2009, the Court granted the Debtors' motion in part authorizing them to terminate or amend certain other postretirement employee benefits, including health care and life insurance. On December 29, 2009, the IUE-CWA, the Industrial Division of the Communications Workers of America, AFL-CIO, CLC, filed a notice of appeal of the Court's order with the District Court. On March 30, 2010, the District Court affirmed the Court's order in all respects. On April 1, 2010, the IUE filed a notice of appeal, and subsequently a motion for expedited treatment of the appeal and for a stay pending appeal, with the Circuit Court. On April 13, 2010, the Circuit Court granted the motion to expedite and denied the motion for stay pending appeal. On July 13, 2010, the Circuit Court reversed the order of the District Court as to the IUE-CWA and the Court and directed the District Court to, among other things, direct the Court to order the Company to take whatever action is necessary to immediately restore terminated or modified benefits to their pre-termination/modification levels. On July 27, 2010, the Company filed a Petition for Rehearing or Rehearing En Banc requesting that the Circuit Court grant a rehearing to review the panel's decision, which was denied. On August 17, 2010 and August 20, 2010, on remand, the Court ruled that the Company should restore certain other postretirement employee benefits to the appellant-retirees as well as salaried retirees and certain retirees of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW"). On September 1, 2010, the Company filed a Notice of Appeal of these rulings in respect of the decision to include non-appealing retirees, and on September 15, 2010 the UAW filed a Notice of Cross-Appeal. The appeals process includes mandatory mediation of the dispute. The Company subsequently reached an agreement with the original appellants in late-September 2010, which resulted in the Company not restoring other postretirement employee benefits of such retirees. The UAW filed a complaint with the United States District Court for the Eastern District of Michigan seeking, among other things, a declaratory judgment to prohibit the Company from terminating certain other postretirement employee benefits for UAW retirees after the Effective Date. The parties have agreed to stay the proceedings pending their mediation of the dispute, which is ongoing.

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 (the "UK Debtor"), 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"). The UK Administration does not include the Company or any of the Company's other subsidiaries.

In June of 2009, the UK Pensions Regulator advised the Administrators of the UK Debtor that it was investigating whether there were grounds for regulatory intervention under various provisions of the UK Pensions Act 2004 in relation to an alleged funding deficiency in respect of the UK Debtor pension plan. That investigation is ongoing and the Debtors have been cooperating with the UK Pensions Regulator. In October of 2009, the trustee of the UK Debtor pension plan filed proofs of claim against each of the Debtors

NOTE 14. Commitments and Contingencies — (Continued)

asserting contingent and unliquidated claims pursuant to the UK Pensions Act 2004 and the UK Pensions Act 1995 for liabilities related to a funding deficiency of the UK Debtor pension plan of approximately $555 million as of March 31, 2009. The trustee of the Visteon Engineering Services Limited ("VES") pension plan also submitted proofs of claim against each of the Debtors asserting contingent and unliquidated claims pursuant to the UK Pensions Act 2004 and the UK Pensions Act 1995 for liabilities related to an alleged funding deficiency of the VES pension plan of approximately $118 million as of March 31, 2009. On May 11, 2010, the UK Debtor Pension Trustees Limited, the creditors' committee, and the Debtors entered in a stipulation whereby the UK Debtor Pension Trustees Limited agreed to withdraw all claims asserted against the Debtors with prejudice, which the Court approved on May 12, 2010. The trustee of the VES pension plan also agreed to withdraw all claims against each of the Debtors. The Company disputes that any basis exists for the UK Pensions Regulator to seek contribution or financial support from any of the affiliated entities outside the UK with respect to their claims, however, no assurance can be given that a successful claim for contribution or financial support would not have a material adverse effect on the business, result of operations or financial condition of the Company and/or its affiliates.

Several current and former employees of Visteon Deutschland GmbH ("Visteon Germany") filed civil actions against Visteon Germany in various German courts beginning in August 2007 seeking damages for the alleged violation of German pension laws that prohibit the use of pension benefit formulas that differ for salaried and hourly employees without adequate justification. Several of these actions have been joined as pilot cases. In a written decision issued in April 2010, the Federal Labor Court issued a declaratory judgment in favor of the plaintiffs in the pilot cases. To date, more than 500 current and former employees have filed similar actions or have inquired as to or been granted additional benefits, and an additional 800 current and former employees are similarly situated. The Company has reserved approximately $17 million relating to these claims based on the Company's best estimate as to the number and value of the claims that will be made in connection with the pension plan. However, the Company's estimate is subject to many uncertainties which could result in Visteon Germany incurring amounts in excess of the reserved amount of up to approximately $12 million.

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.

NOTE 14. Commitments and Contingencies — (Continued)

The following table provides a reconciliation of changes in the product warranty and recall claims liability for the six months ended June 30, 2011 and 2010 (dollars in millions):

	Successor Six Months Ended June 30 2011	Predecessor Six Months Ended June 30 2010
Beginning balance	$ 75	$ 79
Accruals for products shipped	10	15
Currency	4	(4)
Changes in estimates	(6)	—
Settlements	(6)	(11)
Ending balance	$ 77	$ 79

Environmental Matters

The Company is subject to the requirements of federal, state, local and foreign environmental and occupational safety and health laws and regulations and ordinances. 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. These sites are in various stages of investigation and cleanup. The Company currently is, has been, and in the future may become the subject of formal or informal enforcement actions or procedures.

Costs related to environmental assessments and remediation efforts at operating facilities, previously owned or operated facilities, or other waste site locations are accrued when it is probable that a liability has been incurred and the amount of that liability can be reasonably estimated. Estimated costs are recorded at undiscounted amounts, based on experience and assessments, and are regularly evaluated. The liabilities are recorded in Other current liabilities and Other non-current liabilities in the consolidated balance sheets. At June 30, 2011, the Company had recorded a reserve of approximately $1 million for environmental matters. 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. Accordingly, although the Company believes its reserve is adequate based on current information, the Company cannot provide any assurance that its ultimate environmental investigation and cleanup costs and liabilities will not exceed the amount of its current reserve.

Other Contingent Matters

Various 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; intellectual property rights; product warranties; product recalls; and environmental matters. Some of the foregoing matters may involve compensatory, punitive or antitrust or other treble damage claims in very large amounts, or demands for recall campaigns, environmental remediation programs, sanctions, or other relief which, if granted, would require very large expenditures. 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 14. Commitments and Contingencies — (Continued)

Contingencies are subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. Reserves have been established by the Company for matters discussed in the immediately foregoing paragraph where losses are deemed probable and reasonably estimable. It is possible, however, that some of the matters discussed in the foregoing paragraph 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 June 30, 2011 and that are in excess of established reserves. The Company does not reasonably expect, except as otherwise described herein, based on its analysis, that any adverse outcome from such matters would have a material effect on the Company's financial condition, results of operations or cash flows, although such an outcome is possible.

Under section 362 of the Bankruptcy Code, the filing of a bankruptcy petition automatically stayed 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. Substantially all pre-petition liabilities and claims relating to rejected executory contracts and unexpired leases have been settled under the Debtor's plan of reorganization, however, the ultimate amounts to be paid in settlement of each those claims will continue to be subject to the uncertain outcome of litigation, negotiations and Court decisions for a period of time after the Effective Date.

NOTE 15. 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 (the "CODM 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.

In April 2011, the Company announced a new operating structure for use by the CODM Group in managing the business based on specific global product lines rather than reporting at a broader global product group level as was historically utilized by the CODM Group. Under the historical global product group reporting, the results of each of the Company's facilities were grouped for reporting purposes into segments based on the predominant product line offering of the respective facility, as separate product line results within each facility were not historically available. During the second quarter of 2011 the Company completed the process of realigning systems and reporting structures to facilitate financial reporting under the revised organizational structure such that the results for each product line within each facility can be separately identified.

The Company's new operating structure is organized by global product lines, including: Climate, Electronics, Interiors and Lighting. Accordingly, the results of operations for comparable prior periods have been recast to reflect the new global product line operating structure. These global product lines have financial and operating responsibility over the design, development and manufacture of the Company's product portfolio. 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.

NOTE 15. Segment Information — (Continued)

The Company's reportable segments are as follows:

- The Climate product line includes climate air handling modules, powertrain cooling modules, heat exchangers, compressors, fluid transport and engine induction systems.
- The Electronics product line includes audio systems, infotainment systems, driver information systems, powertrain and feature control modules, climate controls, and electronic control modules.
- The Interiors product line includes instrument panels, cockpit modules, door trim and floor consoles.
- The Lighting product line includes headlamps, rear combination lamps, center high-mounted stop lamps, fog lamps and electronic control modules.
- The Company's Services operations provide a centralized administrative function to monitor and facilitate various transition services in support of divestiture transactions, principally related to ACH. As of August 31, 2010, the Company ceased providing substantially all transition and other services or leasing employees to ACH.

Segment Net Sales and Gross Margin

	Net Sales				Gross Margin			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)							
Climate	$ 1,058	$ 933	$ 2,037	$ 1,797	$ 94	$ (4)	$ 179	$ 243
Electronics	351	310	709	637	38	93	75	202
Interiors	677	581	1,248	1,150	63	18	85	67
Lighting	136	114	263	245	2	(3)	7	9
Eliminations	(44)	(49)	(106)	(94)	—	—	—	—
Total products	2,178	1,889	4,151	3,735	197	104	346	521
Services	—	56	—	114	—	—	—	1
Total consolidated	$ 2,178	$ 1,945	$ 4,151	$ 3,849	$ 197	$ 104	$ 346	$ 522

NOTE 15. Segment Information — (Continued)

Segment Operating Assets

	Inventories, net		Property and Equipment, net	
	June 30 2011	December 31 2010	June 30 2011	December 31 2010
	(Dollars in Millions)			
Climate	$ 250	$ 214	$ 1,003	$ 968
Electronics	79	73	164	159
Interiors	56	50	222	212
Lighting	32	25	116	109
Eliminations	2	2	—	—
Total segments	419	364	1,505	1,448
Reconciling Item				
Corporate	—	—	135	128
Total consolidated	$ 419	$ 364	$ 1,640	$ 1,576

Reconciling Item

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.

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, 2010, as filed with the Securities and Exchange Commission on March 9, 2011 and the financial statements and accompanying notes to the financial statements included elsewhere herein.

Executive Summary

Description of Business

Visteon is a global supplier of climate, interiors, electronics and lighting systems, modules and components to automotive original equipment manufacturers ("OEMs") including BMW, Chrysler, Daimler, Ford, General Motors, Honda, Hyundai, Kia, Nissan, PSA Peugeot Citroën, Renault, Toyota and Volkswagen. The Company has a broad network of manufacturing operations, technical centers and joint venture operations throughout the world, supported by approximately 26,700 employees dedicated to the design, development, manufacture and support of its product offering and its global customers.

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 ("Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Court") (the "Chapter 11 Proceedings"). On October 1, 2010 (the "Effective Date"), the Company emerged from bankruptcy. The Company adopted fresh-start accounting upon emergence from the Chapter 11 Proceedings and became a new entity for financial reporting purposes as of the Effective Date. Therefore, the consolidated financial statements for the reporting entity subsequent to the Effective Date (the "Successor") are not comparable to the consolidated financial statements for the reporting entity prior to the Effective Date (the "Predecessor").

Second Quarter and Year to Date 2011 Financial Overview

	Three Months Ended June 30			Six Months Ended June 30		
	Successor	Predecessor		Successor	Predecessor	
	2011	2010	Change	2011	2010	Change
	(Dollars in Millions)					
Net product sales	$2,178	$1,889	$289	$4,151	$3,735	$ 416
Product cost of sales	1,981	1,785	196	3,805	3,214	591
Gross margin	197	104	93	346	522	(176)
Equity in net income of non-consolidated affiliates	43	35	8	87	65	22
Net income (loss) attributable to Visteon Corporation	26	(201)	227	65	32	33
Adjusted EBITDA*	201	166	35	360	327	33
Cash provided from operating activities	70	133	(63)	20	173	(153)
Free Cash Flow*	(1)	92	(93)	(106)	107	(213)

* Adjusted EBITDA and Free Cash Flow are Non-GAAP financial measures, as further discussed below.

The Company's consolidated net sales during the three months ended June 30, 2011 increased $233 million or 12% when compared to the same period of 2010, including an increase in product sales of $289 million, which was partially offset by a decrease of $56 million in services revenue. The increase in product sales included $192 million associated with higher OEM production volumes reflecting the Company's positioning with growing global OEM's, content on popular vehicle platforms, strength in growing Asian markets and net new business. The Company's sales also increased $155 million due to favorable currency, primarily related to the Euro, Korean Won, Brazilian Real and Chinese Yuan, partially offset by plant divestitures and closures of $37 million and net price reductions.

The Company's consolidated net sales during the six months ended June 30, 2011 increased $302 million or 8% when compared to the same period of 2010, including an increase in product sales of $416 million, which was partially offset by a decrease of $114 million in services revenue. Production volume increases across all key customers globally resulted in an increase of $431 million, while favorable currency of $173 million, primarily related to the strengthening of the Euro, Korean Won, Brazilian Real and Chinese Yuan, further increased sales. These increases were partially offset by plant divestitures and closures of $125 million and net price reductions.

Product cost of sales was $1.98 billion and $1.79 billion for the three-month periods ended June 30, 2011 and 2010, respectively, for an increase of $196 million. Material, labor and other variable costs increased by $106 million due to higher production volumes net of manufacturing and material savings and efficiencies. Material costs also increased by $43 million associated with higher commodity prices, principally resins and aluminum, and the impact of other design changes. Depreciation and amortization increased $22 million primarily related to intangible asset amortization and the impact of fresh start accounting on asset values. Changes in currency of $137 million further increased product cost of sales. These increases were partially offset by $75 million of lower labor costs due to the non-recurrence of expenses associated with the termination of certain U.S. other postretirement employee benefit ("OPEB") plans and $37 million of lower material, labor and overhead and other costs attributable to facility closures and divestitures.

Product cost of sales was $3.81 billion and $3.21 billion for the six-month periods ended June 30, 2011 and 2010, respectively, for an increase of $591 million. Product cost of sales increased $176 million due to the non-recurrence of labor cost reductions associated with the termination of certain U.S. OPEB plans. Material, labor and other variable costs increased by $303 million due to higher production volumes net of manufacturing and material savings and efficiencies. Material costs also increased by $62 million associated with higher commodity prices, principally resins and aluminum, and the impact of other design changes. Depreciation and amortization increased $30 million primarily related to intangible asset amortization and the impact of fresh start accounting on asset values. Changes in currency of $146 million further increased product cost of sales. These increases were partially offset by $109 million of lower material, labor, overhead and other costs attributable to facility closures and divestitures and $17 million related to the non-recurrence of certain employee benefit litigation expenses in 2010.

The Company's gross margin was $197 million for the three-month period ended June 30, 2011, compared with $104 million in the same period of 2010, representing an increase of $93 million. The increase in margin includes $75 million associated with the non-recurrence of costs related to the termination and reinstatement of certain U.S. OPEB plans, $40 million associated with higher production levels, $18 million associated with favorable currency and $3 million associated with customer accommodation and support agreements. These increases were partially offset by $43 million of customer pricing, material and other costs in excess of manufacturing, material, and restructuring savings and efficiencies.

The Company's gross margin for the six-month period ended June 30, 2011 was $346 million, compared with $522 million in the same period of 2010, representing a decrease of $176 million. The decrease includes the non-recurrence of $176 million of expense reductions associated with the termination of certain U.S. OPEB plans, $86 million of customer pricing, material and other costs in excess of manufacturing, material, and restructuring savings and efficiencies, $24 million associated with lower customer accommodation and support agreements and $16 million related to plant closures and divestitures. These decreases were partially offset by $82 million associated with higher production levels, $27 million associated with favorable currency, and $17 million related to the non-recurrence of a 2010 employee benefit litigation.

The Company reported $43 million and $35 million of equity in the net income of non-consolidated affiliates for the three-month periods ended June 30, 2011 and 2010, respectively, for an increase of $8 million, representing an improvement of 23%. The Company reported $87 million and $65 million of equity in the net income of non-consolidated affiliates for the six-month periods ended June 30, 2011 and 2010, respectively, for an increase of $22 million, representing an improvement of 34%. These increases are principally attributable to the Company's interest in Yanfeng, reflecting the growth of the Chinese automotive market and the Yanfeng operation.

Net income attributable to Visteon was $26 million for the three-month period ended June 30, 2011 compared to a net loss of $201 million for the same period of 2010, representing an increase of $227 million. Net income attributable to Visteon was $65 million for the six-month period ended June 30, 2011, representing an increase of $33 million when compared the same period of 2010. The Company reported Adjusted EBITDA of $201 million and $360 million for the three and six-month periods ended June 30, 2011, representing increases of $35 million and $33 million, respectively when compared with Adjusted EBITDA of $166 million and $327 million for the same periods of 2010. The Company's Adjusted EBITDA has improved in both the three and six-month periods of 2011 as compared with 2010 due in large part to higher production levels.

Adjusted EBITDA is presented as a supplemental measure of the Company's financial performance that management believes is useful to investors because the excluded items may vary significantly in timing or amounts and/or may obscure trends useful in evaluating and comparing the Company's continuing operating activities across reporting periods. The Company defines Adjusted EBITDA as net income (loss) attributable to the Company, plus net interest expense, provision for income taxes and depreciation and amortization, as further adjusted to eliminate the impact of asset impairments, gains or losses on divestitures, net restructuring expenses and other reimbursable costs, certain non-recurring employee charges and benefits, reorganization items and other non-operating gains and losses. Not all companies use identical calculations, so the Company's presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

Adjusted EBITDA is not a recognized term under accounting principles generally accepted in the United States ("GAAP") and does not purport to be a substitute for net income as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. Adjusted EBITDA has limitations as an analytical tool and is not intended to be a measure of cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. In addition, the Company uses Adjusted EBITDA (i) as a factor in incentive compensation decisions, (ii) to evaluate the effectiveness of the Company's business strategies and (iii) because the Company's credit agreements use measures similar to Adjusted EBITDA to measure compliance with certain covenants.

A reconciliation of net income (loss) to Adjusted EBITDA is provided in the following table.

	Three Months Ended June 30		Six Months Ended June 30	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)			
Net income (loss) attributable to Visteon	$ 26	$ (201)	$ 65	$ 32
Interest expense, net	8	126	17	129
Provision for income taxes	34	50	62	75
Depreciation and amortization	85	67	162	140
Loss on debt extinguishment	24	—	24	—
Restructuring and other related costs, net	19	6	17	2
Reorganization and other related items	5	39	8	69
OPEB and other employee charges	—	75	5	(145)
Asset impairment and loss on sale of assets	—	4	—	25
Adjusted EBITDA	$ 201	$ 166	$ 360	$ 327

As of June 30, 2011 the Company had total cash of $861 million, including restricted cash of $22 million, representing a decrease in total cash from December 31, 2010 of approximately $118 million. For the six months ended June 30, 2011 the Company generated $20 million of cash from operations, compared to $173 million for the same period of 2010. The decrease of $153 million is primarily attributable to higher net income as adjusted for non-cash items, the accrual of post-petition interest on the seven-year secured term loans, and customer accommodation and support agreement payments for the six months ended June 30, 2010. The Company had a Free Cash Flow use of $106 million during the six months ended June 30, 2011, compared to $107 million generated in the same period of 2010.

Free Cash Flow is presented as a supplemental measure of the Company's liquidity that management believes is useful to investors in analyzing the Company's ability to service and repay its debt. The Company defines Free Cash Flow as cash flow from operating activities less capital expenditures. Not all companies use identical calculations, so this presentation of Free Cash Flow may not be comparable to other similarly titled measures of other companies.

Free Cash Flow is not a recognized term under GAAP and does not purport to be a substitute for cash flows from operating activities as a measure of liquidity. Free Cash Flow has limitations as an analytical tool and does not reflect cash used to service debt and does not reflect funds available for investment or other discretionary uses. In addition, the Company uses Free Cash Flow (i) as a factor in incentive compensation decisions and (ii) for planning and forecasting future periods.

A reconciliation of cash provided from operating activities to Free Cash Flow is provided in the following table.

	Three Months Ended June 30		Six Months Ended June 30	
	Successor 2011	Predecessor 2010	Successor 2011	Predecessor 2010
	(Dollars in Millions)			
Cash provided from operating activities	$ 70	$ 133	$ 20	$ 173
Capital expenditures	(71)	(41)	(126)	(66)
Free Cash Flow	$ (1)	$ 92	$ (106)	$ 107

Results of Operations — Three Months Ended June 30, 2011 and 2010

Organization and Operating Structure

In April 2011, the Company announced a new operating structure for use in managing the business based on specific global product lines rather than reporting at a broader global product group level. Under the historical global product group reporting, the results of each of the Company's facilities were grouped for reporting purposes into segments based on the predominant product line offering of the respective facility, as separate product line results within each facility were not historically available. During the second quarter of 2011 the Company completed the process of realigning systems and reporting structures to facilitate financial reporting under the revised organizational structure such that the results for each product line within each facility can be separately identified. The Company's new operating structure is organized by global product lines, including: Climate, Electronics, Interiors and Lighting. Accordingly, the results of operations for comparable prior periods have been recast to reflect the new global product line operating structure.

Product Sales

	Climate	Electronics	Interiors	Lighting	Eliminations	Total
			(Dollars in Millions)			
Three months ended June 30, 2010 — Predecessor	$ 933	$ 310	$ 581	$ 114	$ (49)	$ 1,889
Volume	78	21	67	14	12	192
Currency	60	26	58	11	—	155
Divestitures and closures	—	—	(37)	—	—	(37)
Other	(13)	(6)	8	(3)	(7)	(21)
Three months ended June 30, 2011 — Successor	$ 1,058	$ 351	$ 677	$ 136	$ (44)	$ 2,178

Climate product sales increased $78 million during the three-month period ended June 30, 2011 due to higher production volumes including $62 million, $13 million and $3 million in Asia, North America and Europe, respectively. Additionally, favorable currency related to the Euro and Korean Won resulted in an increase of $60 million. All other changes, totaling $13 million, reflected price productivity and the non-recurrence of sales associated with 2010 accommodation agreements, partially offset by increases in revenue related to commodity pricing and design actions.

Electronics product sales increased $21 million during the three-month period ended June 30, 2011 due to higher production volumes of $27 million, $5 million and $3 million in North America, Asia and South America, respectively, partially offset by lower production volumes of $14 million in Europe. Favorable currency, primarily related to the strengthening of the Euro, resulted in a further increase of $26 million. All other changes, totaling $6 million, reflected price productivity and the non-recurrence of sales associated with 2010 accommodation agreements, partially offset by increases in revenue related to commodity pricing and design actions.

Interiors product sales increased $67 million during the three-month period ended June 30, 2011 due to higher production volumes, including $52 million and $37 million in Asia and Europe, respectively, partially offset by lower production volumes in South America. Favorable currency of $58 million primarily related to the Euro, Korean Won and Brazilian Real further increased sales. The exit of the Company's North America Interiors operations and Rennes, France facility in 2010 resulted in a decrease in sales of $37 million. Other changes of $8 million includes $13 million from a customer settlement agreement in South America, customer accommodation agreements, commodity recoveries and design actions, partially offset by price productivity.

Lighting product sales increased $14 million during the three-month period ended June 30, 2011 due to higher production volumes of $16 million in Europe, partially offset by a $2 million decrease in Asia. Favorable currency of $11 million primarily related to the Euro further increased sales. All other changes, totaling $3 million, reflected price productivity partially offset by increases in revenue related to commodity pricing and design actions.

Product Cost of Sales

	Climate	Electronics	Interiors	Lighting	Eliminations	Total
			(Dollars in Millions)			
Three months ended June 30, 2010 — Predecessor	$ 937	$ 217	$ 563	$ 117	$ (49)	$ 1,785
Material	107	27	71	11	11	227
Freight and duty	4	(2)	(2)	—	1	1
Labor and overhead	(94)	68	(3)	2	(18)	(45)
Depreciation and amortization	18	4	1	(3)	2	22
Other	(8)	(1)	(16)	7	9	(9)
Three months ended June 30, 2011 — Successor	$ 964	$ 313	$ 614	$ 134	$ (44)	$ 1,981

Climate product cost of sales increased $27 million to $964 million during the three-month period ended June 30, 2011, compared with $937 million during the three-month period ended June 30, 2010. Material costs increased $107 million, including $91 million related to production volumes and currency and $32 million primarily related to higher aluminum, resin and other commodity costs and design changes, partially offset by $16 million of manufacturing efficiencies and purchasing improvements. Labor and overhead decreased $94 million, including $119 million due to the non-recurrence of expense associated with the reinstatement of certain U.S. OPEB plans, partially offset by $22 million related to production volumes and currency and $3 million related to increases in manufacturing costs net of efficiencies. Depreciation and amortization increased $18 million, including $6 million of intangible asset amortization, the impact of fresh start accounting on fixed asset values, and $3 million related to accelerated depreciation in conjunction with the Company's restructuring activities.

Electronics product cost of sales increased $96 million to $313 million during the three-month period ended June 30, 2011, compared with $217 million during the three-month period ended June 30, 2010. Material costs increased $27 million, including $30 million primarily related to production volumes and currency and $3 million primarily related to higher commodity costs and design changes, partially offset by $6 million associated with manufacturing efficiencies and purchasing improvements. Labor and overhead increased $68 million, including $65 million due to the non-recurrence of expense reductions associated with the termination of certain U.S. OPEB plans and $8 million related to volumes and currency, partially offset by $5 million of savings attributable to net manufacturing efficiencies.

Interiors product cost of sales increased $51 million to $614 million during the three-month period ended June 30, 2011, compared with $563 million during the three-month period ended June 30, 2010. Material costs increased $71 million, including $91 million associated with higher production volumes and currency and $5 million related to commodity costs and design changes, partially offset by $22 million related to the exit of the Company's North America Interiors and Rennes, France operations in 2010 and $3 million associated with manufacturing efficiencies and purchasing improvements. Labor and overhead decreased $3 million including $18 million due to the non-recurrence of expense associated with the termination of certain U.S. OPEB plans and $8 million related to divestitures and closures, partially offset by $18 million related to volumes and currency and $5 million of savings attributable to net manufacturing efficiencies. Other decreases in cost of sales for 2011 included a $6 million gain on a Brazil land sale.

Lighting product cost of sales increased $17 million to $134 million during the three-month period ended June 30, 2011, compared with $117 million during the three-month period ended June 30, 2010. Material costs increased $11 million, including $10 million related to production volumes and currency and $3 million related to the impact of commodity costs and design changes, partially offset by $2 million associated with manufacturing efficiencies and purchasing improvements.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $111 million in the second quarter of 2011, compared with $88 million in the second quarter of 2010, an increase of $23 million. The increase includes $9 million related to employee performance incentive compensation costs, $5 million related to bankruptcy related professional fees and claims, $4 million related to currency and $3 million related to intangible asset amortization.

Reorganization Expenses, Net

Reorganization items, net include amounts directly associated with the Company's chapter 11 reorganization under the Bankruptcy Code prior to the Effective Date. Such amounts totaled $39 million for the three-month period ended June 30, 2010 and were principally comprised of professional fees.

Other Expense, Net

Other expense, net is comprised of the following:

	Three Months Ended June 30	
	Successor 2011	Predecessor 2010
	(Dollars in Millions)	
Restructuring	$ 19	$ 9
Asset impairment	—	4
	$ 19	$ 13

During June 2011, the Company informed employees at its Cadiz Electronics operation in El Puerto de Santa Maria, Spain of its intention to permanently cease production and close the facility. Following this announcement, Visteon commenced discussions with the local unions, works committee and appropriate public authorities regarding specific closure arrangements. The anticipated closure is expected to result in the separation of approximately 400 employees and be completed by June 30, 2012. The Company recorded approximately $21 million for severance and termination benefits during the three months ended June 30, 2011, representing the minimum amount of employee separation costs pursuant to statutory regulations, all of which are expected to be cash separation payments. Further, the Company anticipates incurring additional costs in connection with the closure that are likely to be material, however, an estimate of the amount or range of amounts of these costs cannot be determined at this time because they are subject to the outcome of substantive negotiations with the aforementioned parties and other factors.

The following is a summary of the Company's consolidated restructuring reserves and related activity for the three months ended June 30, 2011. The Company's restructuring expenses are primarily related to employee severance and termination benefit costs.

	Interiors	Climate	Electronics	Lighting	Central	Total
			(Dollars in Millions)			
March 31, 2011	$ 24	$ 2	$ 2	$ —	$ —	$ 28
Expenses	—	—	21	—	—	21
Reversal	—	—	(2)	—	—	(2)
Foreign currency	1	—	—	—	—	1
Utilization	(6)	—	—	—	—	(6)
June 30, 2011	$ 19	$ 2	$ 21	$ —	$ —	$ 42

Utilization of $6 million represents payments for severance and other employee termination benefits related to previously announced restructuring actions.

The Company has undertaken various restructuring actions, as described above, to reduce costs and streamline operating activities. Given the dynamic and highly competitive nature of the automotive industry, the Company continues to closely monitor current market factors and industry trends taking action as necessary, including but not limited to, additional restructuring actions. However, there can be no assurance that any such actions will be sufficient to fully offset the impact of adverse factors on the Company or its results of operations, financial position and cash flows.

Interest

Interest expense for the three-month period ended June 30, 2011 was $13 million including $8 million related to the 6.75% senior notes due April 15, 2019 and $3 million related to affiliate debt. During the three-month period ended June 30, 2010, interest expense was $129 million, including $122 million of prior contractual interest expense related to the seven-year secured term loans that was recorded during the second quarter of 2010 when such contractual interest became probable of being an allowed claim in connection with the Chapter 11 Proceedings, $2 million of adequate protection on the pre-petition ABL facility, $2 million on the DIP credit agreement and $2 million primarily on affiliate debt. Interest income of $5 million for the three-month period ended June 30, 2011 represents an increase of $2 million when compared to the prior year and is primarily attributable to higher rates of return on cash and equivalent balances.

Loss on Debt Extinguishment

On April 6, 2011, the Company completed the sale of $500 million aggregate principal amount of 6.75% senior notes due April 15, 2019 (“Senior Notes”). Concurrently with the completion of the sale of the Senior Notes, the Company repaid its obligations under the Term Loan Credit Agreement (“Term Loan”) and recorded a loss on early extinguishment of $24 million for unamortized original issue discount, debt fees and other debt issue costs associated with the Term Loan Credit Agreement.

Equity in Net Income of Non-consolidated Affiliates

Equity in net income of non-consolidated affiliates of $43 million for the three-month period ended June 30, 2011 represents an increase of $8 million when compared to the same period of 2010. The increase was primarily attributable to Yanfeng and its related affiliates which resulted principally from higher OEM production levels in China and continued growth of the Yanfeng operations.

Income Taxes

The provision for income taxes of $34 million for the second quarter of 2011 represents a decrease of $16 million when compared with $50 million in the same period of 2010. The decrease in tax expense reflects a reduction in withholding taxes primarily related to an increase in non-U.S. earnings considered permanently reinvested, overall lower earnings in those countries where the Company is profitable, which includes the year-over-year impact of changes in the mix of earnings and differing tax rates between jurisdictions, and the tax benefit related to the Company’s ability to offset pre-tax losses against other categories of income despite the existence of deferred tax asset valuation allowances.

Results of Operations — Six Months Ended June 30, 2011 and 2010

Product Sales

	Climate	Electronics	Interiors	Lighting	Eliminations	Total
			(Dollars in Millions)			
Six months ended June 30, 2010 — Predecessor	$ 1,797	$ 637	$ 1,150	$ 245	$ (94)	$ 3,735
Volume	192	70	146	11	12	431
Currency	72	26	65	10	—	173
Divestitures and closures	—	(15)	(110)	—	—	(125)
Other	(24)	(9)	(3)	(3)	(24)	(63)
Six months ended June 30, 2011 — Successor	$ 2,037	$ 709	$ 1,248	$ 263	$ (106)	$ 4,151

Climate product sales increased $192 million during the six-month period ended June 30, 2011 due to higher production volumes in all regions including $144 million, $34 million and $10 million in Asia, North America and Europe, respectively. Additionally, favorable currency related to the Korean Won and Euro resulted in an increase of $72 million. All other changes, totaling $24 million, reflected price productivity and the non-recurrence of sales associated with 2010 accommodation agreements, partially offset by increases in revenue related to commodity pricing and design actions.

Electronics product sales increased $70 million during the six-month period ended June 30, 2011 due to higher production volumes of $56 million, $17 million and $9 million in North America, Asia and South America, respectively, partially offset by lower production volumes in Europe. Product sales decreased $15 million in connection with the closure of the Company's Lansdale, Pennsylvania ("North Penn") facility in 2010. Favorable currency of $26 million primarily related to the strengthening of the Euro and the Japanese Yen also increased sales. All other changes, totaling $9 million, reflected price productivity and the non-recurrence of sales associated with 2010 accommodation agreements, partially offset by increases in revenue related to commodity pricing and design actions.

Interiors product sales increased $146 million during the six-month period ended June 30, 2011 due to higher production volumes of $97 million and $84 million in Europe and Asia, respectively, partially offset by lower production volumes in South America. Favorable currency of $65 million primarily related to the Euro, Korean Won and Brazilian Real further increased sales. The exit of the Company's North America Interiors operations and Rennes, France facility in 2010 resulted in a decrease in sales of $110 million. Other changes of $3 million, reflected price productivity and lower sales associated with customer accommodation agreements, partially offset by $13 million associated with a customer settlement agreement in South America and increases in commodity recoveries and design actions.

Lighting product sales increased $11 million during the six-month period ended June 30, 2011 due to higher production volumes of $33 million in Europe, partially offset by lower production volumes of $22 million in North America. Favorable currency of $10 million primarily relating to the Euro further increased sales. All other changes, totaling $3 million, reflected price productivity and the non-recurrence of sales associated with 2010 accommodation agreements, partially offset by increases in revenue related to commodity pricing and design actions.

Product Cost of Sales

	Climate	Electronics	Interiors	Lighting	Eliminations	Total
			(Dollars in Millions)			
Six months ended June 30, 2010 — Predecessor	$ 1,554	$ 435	$ 1,083	$ 236	$ (94)	$ 3,214
Material	196	56	89	9	15	365
Freight and duty	9	(1)	(3)	(1)	(1)	3
Labor and overhead	84	133	18	8	(17)	226
Depreciation and amortization	30	5	—	(5)	—	30
Other	(15)	6	(24)	9	(9)	(33)
Six months ended June 30, 2011 — Successor	$ 1,858	$ 634	$ 1,163	$ 256	$ (106)	$ 3,805

Climate product cost of sales increased $304 million to $1.9 billion during the six-month period ended June 30, 2011, compared with $1.6 billion during the six-month period ended June 30, 2010. Material costs increased $196 million, including $171 million related to production volumes and currency and $51 million primarily related to higher aluminum, resin and other commodity costs and design changes, partially offset by $26 million of manufacturing efficiencies and purchasing improvements. Labor and overhead increased $84 million, including $35 million due to the non-recurrence of expense reductions associated with the termination of certain U.S. OPEB plans and $45 million related to production volumes and currency, and $4 million related to increased manufacturing costs, net of efficiencies. Depreciation and amortization increased $30 million, including $12 million of intangible asset amortization and the impact of fresh start accounting on asset values.

Electronics product cost of sales increased $199 million to $634 million during the six-month period ended June 30, 2011, compared with $435 million during the six-month period ended June 30, 2010. Material costs increased $56 million, including $71 million related to production volumes and currency and $3 million primarily related to the impact of commodity costs and design changes, partially offset by $12 associated with manufacturing efficiencies and purchasing improvement efforts and $6 million related to the closure of the North Penn facility. Labor and overhead increased $133 million, including $135 million due to the non-recurrence of expense reductions associated with the termination of certain U.S. OPEB plans and $17 million related to production volumes and currency, partially offset by $14 million of savings attributable to net manufacturing efficiencies and $5 million related to the closure of the North Penn facility.

Interiors product cost of sales increased $80 million to $1.2 billion during the six-month period ended June 30, 2011, compared with $1.1 billion during the six-month period ended June 30, 2010. Material costs increased $89 million, including $153 million related to production volumes and currency and $3 million primarily related to the impact of commodity costs and design changes, partially offset by $62 million related to the exit of the Company's North America Interiors operations and Rennes, France facility in 2010 and $5 million associated with manufacturing efficiencies and purchasing improvements. Labor and overhead increased $18 million, including $30 million related to production volumes and currency, $10 million related to increases in manufacturing costs net of efficiencies and $4 million due to the non-recurrence of expense reductions associated with the termination of certain U.S. OPEB plans, partially offset by the impact of plant divestitures and closures of $26 million.

Lighting product cost of sales increased $20 million to $256 million during the six-month period ended June 30, 2011, compared with $236 million during the six-month period ended June 30, 2010. Material costs increased $9 million, including $7 million related to production volumes and currency and $5 million primarily related to the impact of commodity costs and design changes, partially offset by $3 million associated with manufacturing efficiencies and purchasing improvements. Labor and overhead increased $8 million due to the non-recurrence of expense reductions associated with the termination of certain U.S. OPEB plans, production volumes and currency, and increases in manufacturing costs net of efficiencies.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $213 million in the first half of 2011, compared with $201 million in the first half of 2010, an increase of $12 million. The increase includes $8 million associated with bankruptcy related professional fees and claims, $6 million related to intangible asset amortization, $5 million related to employee performance incentive compensation costs, $3 million related to employee termination costs and $4 million related to currency, partially offset by the non-recurrence of $14 million of actuarial losses associated with the termination of certain U.S. OPEB plans.

Reorganization Items

Reorganization items, net include amounts directly associated with the Company's chapter 11 reorganization under the Bankruptcy Code prior to the Effective Date. Such amounts totaled $69 million for the six-month period ended June 30, 2010 and were principally comprised of professional fees.

Other Expense, Net

Other expense, net is comprised of the following:

	Six Months Ended June 30	
	Successor 2011	Predecessor 2010
Restructuring	$ 17	$ 17
Loss on sale of assets	—	21
Asset impairment	—	4
	$ 17	$ 42

In June 2011 the Company recorded approximately $21 million for severance and termination benefits related to the announced closure of the Company's Cadiz Electronics operation in El Puerto de Santa Maria, Spain. Additionally, during the first half of 2011, the Company recorded approximately $4 million for employee severance and termination benefits associated with previously announced actions at two European Interiors facilities. The Company also reversed approximately $8 million of previously established accruals, including $6 million for employee severance and termination benefits at a European Interiors facility pursuant to a March 2011 contractual agreement to cancel the related social plan and an additional $2 million for employee and severance and termination benefits at a South American Electronics facility.

The following is a summary of the Company's consolidated restructuring reserves and related activity for the six months ended June 30, 2011. The Company's restructuring expenses are primarily related to employee severance and termination benefit costs.

	Interiors	Climate	Electronics	Lighting	Central	Total
			(Dollars in Millions)			
December 31, 2010	$ 37	$ 2	$ 3	$ —	$ 1	$ 43
Expenses	4	—	21	—	—	25
Reversal	(6)	—	(2)	—	—	(8)
Currency exchange	2	—	—	—	—	2
Utilization	(18)	—	(1)	—	(1)	(20)
June 30, 2011	$ 19	$ 2	$ 21	$ —	$ —	$ 42

During the first half of 2010, the Company recorded $17 million of restructuring expenses, including $6 million of employee severance and termination benefits to streamline corporate administrative and support functions; $4 million of employee severance and termination benefits related to the closure of a European Interiors facility; $4 million of equipment move and relocation costs; $2 million of employee severance and termination benefits related to previously announced actions in connection with customer accommodation and support agreements; and approximately $1 million of additional employee severance and termination benefits related to a customer support agreement.

The Company recorded asset impairments and other losses of $25 million during the six-month period ended June 30, 2010. In June 2010, the Company reached an agreement to sell its entire 46.6% interest in the shares of Toledo Molding & Die, Inc., a supplier of interior components, for proceeds of approximately $10 million. The Company recorded an impairment charge of approximately $4 million, representing the difference between the carrying value of the Company's investment in Toledo Molding & Die, Inc. and the expected share sale proceeds. Additionally, in March 2010, the Company completed the sale of substantially all of the assets of Atlantic Automotive Components, L.L.C., and recorded losses of approximately $21 million in connection with the sale.

Interest

Interest expense for the six-month period ended June 30, 2011 was $28 million including $11 million related to the Term Loan, $8 million related to the Senior Notes, and $5 million related to affiliate debt. During the six-month period ended June 30, 2010, interest expense was $135 million, which included $122 million of prior contractual interest on the seven-year secured term loans that became probable being an allowed claim in connection with the Chapter 11 Proceedings, $4 million of adequate protection on the pre-petition ABL facility, $4 million on the DIP credit agreement and $4 million on affiliate debt. Interest income of $11 million for the six-month period ended June 30, 2011 represents an increase of $5 million when compared to the prior year and is attributable to higher rates of return on higher cash and equivalent balances.

Equity in Net Income of Non-consolidated Affiliates

Equity in net income of non-consolidated affiliates of $87 million for the six-month period ended June 30, 2011 represents an increase of $22 million when compared to the same period of 2010. The increase is primarily attributable to Yanfeng and its related affiliates resulting from higher OEM production levels in China and continued growth of the Yanfeng operations.

Income Taxes

The provision for income taxes of $62 million for the first half of 2011 represents a decrease of $13 million when compared with $75 million in the same period of 2010. The decrease in tax expense reflects a reduction in withholding taxes primarily related to an increase in non-U.S. earnings considered permanently reinvested, overall lower earnings in those countries where the Company is profitable, which includes the year-over-year impact of changes in the mix of earnings and differing tax rates between jurisdictions, and the tax benefit related to the Company's ability to offset pre-tax losses against other categories of income despite the existence deferred tax asset valuation allowances. These approximately $24 million in decreases were partially offset by $11 million related primarily to uncertain tax positions, including interest and penalties, and other items.

Liquidity

Overview

The Company's primary liquidity needs are related to the funding of general business requirements, including working capital requirements, capital expenditures, indebtedness and customer launch activity. Additionally, the Company has liquidity needs related to reorganization items, employee retirement benefits and restructuring actions. The Company primarily funds its liquidity needs with cash flows from operating activities, a substantial portion of which is generated by the Company's subsidiaries. Accordingly, the Company utilizes a combination of cash repatriation strategies, including dividends, royalties, intercompany loan repayments and other distributions and advances to provide the funds necessary to meet obligations globally. While there are no significant restrictions on the ability of the Company's subsidiaries to pay dividends or make other distributions, the Company's ability to access funds from its subsidiaries using these repatriation strategies is subject to, among other things, customary regulatory and statutory requirements and contractual arrangements including joint venture agreements. As of June 30, 2011, approximately $160 million of cash held by foreign affiliates is considered permanently reinvested for funding ongoing operations outside of the U.S. If such permanently reinvested funds are needed for operations in the U.S., the Company would be required to accrue additional tax expense, primarily related to foreign withholding taxes.

To the extent that the Company's liquidity needs exceed cash provided by its operating activities, the Company would look to cash balances on hand, which were $861 million as of June 30, 2011 including restricted cash of $22 million; cash available through existing financing vehicles such as its $220 million asset-based revolving credit facility, subject to a borrowing base; the sale of businesses or other assets, subject to the terms of debt and other contractual arrangements; and then to potential additional capital through the debt or equity markets. Access to these markets is influenced by the Company's credit ratings. At June 30, 2011, Visteon's credit ratings were B1 and B+ by Moodys' and S&P, respectively, both with a stable outlook. Amounts available for borrowing under the revolving credit facility as of June 30, 2011 totaled $220 million with no outstanding borrowings or letter of credit obligations.

The Company's ability to fund its liquidity 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. Additionally, the Company's liquidity needs may be affected by the level, variability and timing of its customers' worldwide vehicle production, which can be highly sensitive to regional economic conditions. Further, 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 primary customers. These seasonal effects normally require use of liquidity resources during the first and third quarters.

During March 2011, a large earthquake triggered a tsunami off the coast of northeastern Japan and resulted in significant casualties, dislocation and extensive infrastructure destruction. The Company and its suppliers obtain materials and components from various sources affected directly or indirectly by the events in Japan. Accordingly, the Company continues to work closely with its customers and suppliers to assess production and shipping capabilities and to minimize disruptions. The situation in Japan has stabilized, however, production and supply interruptions may continue to occur in the future. Accordingly, there can be no assurance that the Company will not be further adversely affected by the events in Japan including, but not limited to, production and supply disruptions, premium freight and customer shut-down costs. Such adverse impacts could have a material impact on the Company's financial condition, results of operations and cash flows.

Cash Flows

Operating Activities

Cash provided from operating activities during the six-month period ended June 30, 2011 totaled $20 million. The cash generated from operating activities primarily resulted from net income, as adjusted for non-cash items and increased employee fringe benefit and vacation accruals, partially offset by net trade working capital outflows primarily related to seasonality, bankruptcy professional fee and other payments, and increased recoverable tax assets. Cash provided from operating activities during the six-month period ended June 30, 2010 totaled $173 million. The generation of cash from operating activities is primarily due to net income, as adjusted for non-cash items, the accrual of post-petition interest on the seven-year term loans, and customer accommodation and support agreement payments, partially offset by net trade working capital outflows primarily related to seasonality.

Investing Activities

Cash used by investing activities during the six-month period ended June 30, 2011 totaled $121 million primarily resulting from $126 million of capital expenditures, partially offset by $5 million of other, and proceeds from divestitures and asset sales. Cash used by investing activities during the six-month Predecessor period ended June 30, 2010 totaled $43 million primarily resulting from $66 million of capital expenditures, partially offset by $23 million of other, including proceeds from divestitures and asset sales reflecting the sale of the Company’s Interiors operations located in Highland Park, Michigan and Saltillo, Mexico.

Financing Activities

There was no net cash provided from or used by financing activities during the six-month period ended June 30, 2011 primarily resulting from the termination and payoff of the existing $498 million Term Loan, reorganization related professional fees, and minority shareholder dividend payments, offset by issuance of $500 million in senior notes and a reduction in restricted cash related to the disbursement of previously escrowed funds to settle reorganization related rights offering and other financing fees. Cash used by financing activities totaled $75 million in the six-month period ended June 30, 2010 and primarily resulted from an increase in restricted cash, reductions in affiliate debt, and minority shareholder dividend payments.

Debt and Capital Structure

Information related to the Company’s debt is set forth in Note 8, “Debt,” to the consolidated financial statements included herein under Item 1. For additional information, refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2010 for specific debt agreements and additional information related to covenants and restrictions.

6.75% Senior Notes Due April 15, 2019

On April 6, 2011, the Company completed the sale of $500 million aggregate principal amount of 6.75% senior notes due April 15, 2019 (the “Senior Notes”). The Senior Notes were issued under an Indenture, dated April 6, 2011 (the “Indenture”), among the Company, the subsidiary guarantors named therein, and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Indenture and the form of Senior Notes provide, among other things, that the Senior Notes will be senior unsecured obligations of the Company. Interest is payable on the Senior Notes on April 15 and October 15 of each year beginning on October 15, 2011 until maturity. Each of the Company’s existing and future 100% owned domestic restricted subsidiaries that guarantee debt under the Company’s asset based credit facility will guarantee the Senior Notes.

The terms of the Indenture, among other things, limit the ability of the Company and certain of its subsidiaries to make restricted payments; restrict dividends or other payments of subsidiaries; incur additional debt; engage in transactions with affiliates; create liens on assets; engage in sale and leaseback transactions; and consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries. The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others: nonpayment of principal or interest; breach of other agreements in the Indenture; defaults in failure to pay certain other indebtedness; the rendering of judgments to pay certain amounts of money against the Company and its subsidiaries; the failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency. Generally, if an event of default occurs and is not cured within the time periods specified, the Trustee or the holders of at least 25% in principal amount of the then outstanding series of Senior Notes may declare all the Senior Notes of such series to be due and payable immediately.

The Senior Notes were sold to the initial purchasers who are party to a certain purchase agreement (the “Initial Purchasers”) for resale to qualified institutional buyers under Rule 144A and to persons outside the United States under Regulation S. Pursuant to the terms of the registration rights agreement, dated April 6, 2011 (the “Registration Rights Agreement”), among the Company, the subsidiary guarantors named therein and the Initial Purchasers, the Company has agreed to offer to exchange substantially identical senior notes that have been registered under the Securities Act of 1933, as amended, for the Senior Notes, or, in certain circumstances, to register resales of the Senior Notes.

On April 6, 2011 and concurrently with the completion of the sale of the Senior Notes, the Company repaid its obligations under the Term Loan. The Company recorded non-cash losses of $24 million in the second quarter of 2011 for the early extinguishment of the Term Loan including unamortized original issue discount, debt fees and other debt issue costs.

In addition, the Company and certain of its domestic subsidiaries entered into a second amendment (the “Amendment”) to the Revolving Loan Credit Agreement (the “Revolver”) whereby the Revolver was amended and restated. The Amendment, among other things, reduces the commitment fee on undrawn amounts, decreases certain applicable margins and modifies or replaces certain of the covenants and other provisions. On April 1, 2011 the Company and certain of its domestic subsidiaries entered an incremental revolving loan amendment, whereby the commitment amounts under the Revolver were increased by $20 million, to a total facility size of $220 million, subject to borrowing base requirements. As of June 30, 2011, there were no amounts outstanding under Revolver and the amount available for borrowing was approximately $220 million.

As of June 30, 2011, the Company had affiliate debt of $100 million primarily related to the Company’s non-U.S. operations, with $90 million and $10 million classified as short-term and long-term debt, respectively. Remaining availability on outstanding affiliate working capital credit facilities was approximately $260 million at June 30, 2011. The Company also participates in an arrangement, through a subsidiary in France, to sell accounts receivable on an uncommitted basis. The amount of financing available is contingent upon the amount of receivables less certain reserves. On June 30, 2011, there were no outstanding borrowings under this facility with $90 million of receivables pledged as security, which are recorded as “Other current assets” on the consolidated balance sheet.

Off-Balance Sheet Arrangements

In December 2010, the Company entered into a stipulation agreement obligating the Company to purchase certain professional services totaling $14 million on or before February 29, 2012. This agreement was contingent on Court approval and was subsequently re-negotiated in March 2011, whereby the obligation was reduced to $13 million. This agreement was approved by the Court in April 2011. Additionally, the Company has guaranteed approximately $45 million for lease payments related to its subsidiaries for between one and ten years. 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 agency to seek protection when a plant closing results in termination of employment for more than 20 percent of employees covered by a pension plan. In connection with this agreement, the Company agreed to provide a guarantee by certain affiliates of certain contingent pension obligations of up to $30 million, the term of this guarantee is dependent upon certain contingent events as set forth in the PBGC Agreement. These guarantees have not, nor does the Company expect they are reasonably likely to have, a material current or future effect on the Company's financial position, results of operations or cash flows.

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 June 30, 2011.

Recent Accounting Standards

In June 2011, the Financial Accounting Standards Board ("FASB") issued guidance amending comprehensive income disclosures retrospectively, for fiscal years, and interim reporting periods within those years, beginning after December 15, 2011. This guidance requires disclosures of all nonowner changes (components of comprehensive income) in stockholders' equity to be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In May 2011, the FASB issued guidance amending fair value measurement disclosures for fiscal years, and interim reporting periods within those years, beginning after December 15, 2011. This guidance will increase disclosures and result in common disclosure requirements between GAAP and International Financial Reporting Standards. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

Forward-Looking Statements

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" and elsewhere in this report. Accordingly, undue reliance should not be placed 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 and qualifies all of its forward-looking statements by these cautionary statements.

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

- Visteon's ability to satisfy its future capital and liquidity requirements; Visteon's ability to access the credit and capital markets at the times and in the amounts needed and on terms acceptable to Visteon; Visteon's ability to comply with covenants applicable to it; and the continuation of acceptable supplier payment terms.
- Visteon's ability to satisfy its pension and other postretirement employee 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.
- 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.
- 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, natural disasters 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 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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 June 30, 2011. 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 June 30, 2011 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 14, "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, 2010. See also, "Cautionary Statements Regarding Forward-Looking Information" included in Part I, Item 2 of this Quarterly Report on Form 10-Q.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes information relating to purchases made by or on behalf of the Company, or an affiliated purchaser, of shares of the Company's common stock during the second quarter of 2011.

Issuer Purchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased(1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or units) Purchased as Part of Publicly Announced Plans or Programs	Maximum number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1, 2011 to April 30, 2011	—	$ —	—	—
May 1, 2011 to May 31, 2011	2,567	$ 67.43	—	—
June 1, 2011 to June 30, 2011	1,027	$ 68.41	—	—
Total	3,594	$ 67.71	—	—

(1) This column includes only shares surrendered to the Company by employees to satisfy tax withholding obligations in connection with the vesting of restricted share and stock unit awards made pursuant to the Visteon Corporation 2010 Incentive Plan.

ITEM 6. EXHIBITS

See Exhibit Index on Page 53.

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: August 4, 2011

EXHIBIT INDEX

Exhibit Number	Exhibit Name
4.1	Indenture, dated as of April 6, 2011, among Visteon Corporation, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, including the Form of 6.75% Senior Note due 2019 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Visteon Corporation filed on April 7, 2011 (File No. 001-15827)).
10.1	Registration Rights Agreement, dated as of April 6, 2011, among Visteon Corporation and the guarantors and initial purchasers party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on April 7, 2011 (File No. 001-15827)).
10.2	Form of Revolving Loan Credit Agreement, dated as of October 1, 2010, as amended and restated as of April 6, 2011 and effective as of the Second Amendment Effective Date, by and among Visteon Corporation, and certain of its domestic subsidiaries signatory thereto, Morgan Stanley Senior Funding, Inc., as administrative agent and co-collateral agent, Bank of America, N.A., as co-collateral agent, and the lenders and L/C issuers party thereto (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Visteon Corporation filed on April 7, 2011 (File No. 001-15827)).
10.3	Letter Agreement between Visteon Corporation and Alden Global Distressed Opportunities Master Fund, L.P., dated as of May 11, 2011 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on May 12, 2011 (File No. 001-15827)).
31.1	Rule 13a-14(a) Certification of Chief Executive Officer dated August 4, 2011.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer dated August 4, 2011.
32.1	Section 1350 Certification of Chief Executive Officer dated August 4, 2011.
32.2	Section 1350 Certification of Chief Financial Officer dated August 4, 2011.
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files as Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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

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: August 4, 2011

/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: August 4, 2011

/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 June 30, 2011 (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

August 4, 2011

EXHIBIT 32.2

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 June 30, 2011 (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

August 4, 2011