

VISTEON CORP
Form S-1/A
December 03, 2010

Table of Contents

As filed with the Securities and Exchange Commission on December 3, 2010

No. 333-170104

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

**Amendment No. 1
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

VISTEON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

3714

*(Primary Standard Industrial
Classification Code Number)*

38-3519512

*(I.R.S. Employer
Identification No.)*

**One Village Center Drive,
Van Buren Township,
Michigan 48111
(800) 847-8366**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Michael K. Sharnas
Vice President and General Counsel
Visteon Corporation
One Village Center Drive
Van Buren Township, MI 48111
(800) 847-8366**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

**Jerry T. Nowak, P.C.
Paul Zier
Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, Illinois 60654**

(312) 862-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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
(Do not check if a smaller reporting
company)

Smaller reporting
company

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission relating to these securities is effective. This prospectus is not an offer to sell these securities and it is not a solicitation of an offer to buy these securities in any jurisdiction where such offer, solicitation or sale is not permitted.

Prospectus

SUBJECT TO COMPLETION, DATED DECEMBER 3, 2010

Visteon Corporation

46,972,866 Shares Common Stock

The selling stockholders are offering 46,972,866 shares of common stock. We are not selling any shares of common stock under this prospectus. We will not receive any proceeds from the sale of shares to be offered by the selling stockholders.

The common stock offered by this prospectus is being registered to permit the selling stockholders to sell the offered common stock from time to time. The selling stockholders may offer and sell the offered common stock at fixed prices, prevailing market prices at the times of sale, prices related to the prevailing market prices, varying prices determined at the times of sale or negotiated prices. The shares of our common stock offered by this prospectus and any prospectus supplement may be offered by the selling stockholders directly to investors or to or through underwriters, dealers or other agents. We do not know when or in what amounts a selling stockholder may offer these shares of common stock for sale. The selling stockholders may sell all, some or none of the shares of common stock offered by this prospectus. See **Plan of Distribution** on page 47 for a more complete description of how the offered common stock may be sold.

Investing in our common stock involves risks. See **Risk Factors beginning on page 4.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Our common stock is currently traded on the Over-the-Counter Bulletin Board, commonly known as the OTC Bulletin Board, under the trading symbol **VSTO.OB**. On December 1, 2010 the last traded price of the common stock was \$60.55 per share.

This prospectus is dated _____, 2010.

TABLE OF CONTENTS

<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	ii
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	iii
<u>INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS</u>	iv
<u>PROSPECTUS SUMMARY</u>	1
<u>THE OFFERING</u>	3
<u>RISK FACTORS</u>	4
<u>USE OF PROCEEDS</u>	7
<u>DIVIDEND POLICY</u>	7
<u>MARKET FOR OUR COMMON STOCK</u>	7
<u>UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	8
<u>MANAGEMENT</u>	21
<u>PRINCIPAL STOCKHOLDERS</u>	23
<u>SELLING STOCKHOLDERS</u>	25
<u>RELATED PARTY TRANSACTIONS AND MATERIAL RELATIONSHIPS WITH SELLING STOCKHOLDERS</u>	39
<u>DESCRIPTION OF CAPITAL STOCK</u>	40
<u>SHARES ELIGIBLE FOR FUTURE SALE</u>	45
<u>LEGAL PROCEEDINGS</u>	46
<u>PLAN OF DISTRIBUTION</u>	47
<u>EXPERTS</u>	49
<u>LEGAL MATTERS</u>	49
<u>EX-23.1</u>	

You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus may only be accurate on the date of this prospectus.

IF YOU ARE IN A JURISDICTION WHERE OFFERS TO EXCHANGE OR SELL, OR SOLICITATIONS OF OFFERS TO EXCHANGE OR PURCHASE, THE SECURITIES OFFERED BY THIS PROSPECTUS ARE UNLAWFUL, OR IF YOU ARE A PERSON TO WHOM IT IS UNLAWFUL TO DIRECT THESE TYPES OF ACTIVITIES, THEN THE OFFER PRESENTED IN THIS PROSPECTUS DOES NOT EXTEND TO YOU.

YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE OF THIS PROSPECTUS AND NEITHER THE MAILING OF THIS PROSPECTUS NOR THE SALE OF OUR COMMON STOCK PURSUANT TO THIS OFFERING SHALL CREATE AN IMPLICATION TO THE CONTRARY.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this prospectus which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 discussion of future operating or financial performance signify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and estimates, which are subject to risks and uncertainties including those discussed under the heading Risk Factors and elsewhere in this prospectus. Accordingly, undue reliance should not be placed on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. We do not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the date the statement is made and qualify all of our forward-looking statements by these cautionary statements.

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

our ability to satisfy future capital and liquidity requirements; including our ability to access the credit and capital markets at the times and in the amounts needed and on terms acceptable to us; our ability to comply with applicable covenants and the continuation of acceptable supplier payment terms;

our ability to satisfy 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;

our ability to access funds generated by 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 our customers.

changes in vehicle production volume of our customers in the markets where we operate, and in particular changes in Ford's and Hyundai Kia's vehicle production volumes and platform mix;

our ability to profitably win new business and to maintain current business with, and win future business from, existing customers, and, our ability to realize expected sales and profits from new business;

increases in commodity costs or disruptions in the supply of commodities, including steel, resins, aluminum, copper, fuel and natural gas;

our ability to generate cost savings to offset or exceed agreed upon price reductions or price reductions to win additional business and, in general, improve operating performance; to achieve the benefits of restructuring actions; and to recover engineering and tooling costs and capital investments;

our 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 our 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 we procure materials, components or supplies or where our products are manufactured, distributed or sold;

Table of Contents

legal and administrative proceedings, investigations and claims, including stockholder class actions, inquiries by regulatory agencies, product liability, warranty, employee-related, environmental and safety claims and any recalls of products manufactured or sold by us;

changes in economic conditions, currency exchange rates, changes in foreign laws, regulations or trade policies or political stability in foreign countries where we procure materials, components or supplies or where products are manufactured, distributed or sold;

shortages of materials or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to or difficulties in the employment of labor in the major markets where we purchase materials, components or supplies to manufacture our products or where our 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 our 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;

our ability to comply with environmental, safety and other applicable regulations and any increase in the requirements, responsibilities and associated expenses and expenditures of these regulations;

our ability to protect our intellectual property rights, and to respond to changes in technology and technological risks and to claims by others that we have infringed their intellectual property rights;

our ability to quickly and adequately remediate control deficiencies in internal control over financial reporting; and

other factors, risks and uncertainties detailed from time to time in our Securities and Exchange Commission (SEC) filings.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act to register with the SEC the shares of our common stock being offered in this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed with it. For further information about us and our common stock, reference is made to the registration statement and the exhibits and schedules filed with it. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

We file annual, quarterly and current reports, proxy and registration statements and other information with the SEC. You may read and copy any reports, statements, or other information that we file, including the registration statement, of which this prospectus forms a part, the exhibits and schedules filed with it, and the information incorporated by

reference herein, without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from the SEC on the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

Table of Contents

INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS

We are incorporating by reference specified documents that we file with the SEC, which means that we can disclose important information to you by referring you to those documents that are considered part of this prospectus. We incorporate by reference into this prospectus the documents listed below (other than portions of these documents that are either (1) described in paragraph (e) of Item 201 of Registration S-K or paragraphs (d)(1)-(3) and (e)(5) of Item 407 of Regulation S-K promulgated by the SEC or (2) furnished under Item 2.02 or Item 7.01 of a Current Report on Form 8-K):

Our Annual Report on Form 10-K for the year ended December 31, 2009;

Our Quarterly Reports on Form 10-Q for the periods ended March 31, 2010, June 30, 2010 and September 30, 2010; and

Our Current Reports on Form 8-K (and amendments thereto) filed on March 17, 2010, May 12, 2010, May 27, 2010, June 14, 2010, June 17, 2010, July 30, 2010, September 7, 2010, September 28, 2010, October 1, 2010, October 4, 2010 and October 19, 2010.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, are available free of charge on our website (www.visteon.com) as soon as reasonably practicable after they are filed with, or furnished to, the SEC. Our website and the information contained on that site, or connected to that site, are not incorporated into and are not a part of this prospectus except for the documents specifically incorporated by reference as noted above. You may also obtain a copy of these filings at no cost by writing or telephoning us at the following address:

Investor Relations Department
Visteon Corporation
One Village Center Drive
Van Buren Township, MI 48111
Tel. No. (734) 710-5800

Table of Contents

PROSPECTUS SUMMARY

*The following summary highlights information contained elsewhere in this prospectus. It does not contain all the information that may be important to you in making an investment decision. You should read this entire prospectus carefully, including the documents incorporated by reference, which are described under *Incorporation by Reference of Certain Documents* and *Where You Can Find Additional Information*. You should also carefully consider, among other things, the matters discussed in the section titled *Risk Factors*. In this prospectus, unless the context requires otherwise, references to *Visteon*, *the Company*, *the Issuer*, *we*, *our*, or *us* refer to Visteon Corporation and its consolidated subsidiaries, and references to our *common stock* refer to the common stock of Visteon Corporation.*

Our Business

We are a leading global supplier of climate, interiors and electronics systems, modules and components to global automotive original equipment manufacturers (*OEMs*). We are headquartered in Van Buren Township, Michigan. We have a workforce of approximately 26,500 employees and a network of manufacturing operations, technical centers, customer service centers and joint ventures in every major geographic region of the world. We were incorporated in Delaware on January 5, 2000 as a wholly-owned subsidiary of Ford Motor Company (*Ford*). Subsequently, Ford transferred the assets and liabilities comprising its automotive components and systems business to us. We separated from Ford on June 28, 2000 when all of our common stock was distributed by Ford to its stockholders.

In September 2005, we transferred 23 of our North American facilities and certain other related assets and liabilities (the *ACH Business*) to Automotive Components Holdings, LLC (*ACH*), an indirect, wholly-owned subsidiary of Visteon. On October 1, 2005, we sold ACH to Ford for cash proceeds of approximately \$300 million, as well as the forgiveness of certain other postretirement employee benefit liabilities and other obligations relating to hourly employees associated with the ACH Business and the assumption of certain other liabilities. The transferred facilities included all of our plants that leased hourly workers covered by Ford's Master Agreement with the United Auto Workers Union. The ACH Business accounted for approximately \$6.1 billion of the Company's total product sales for 2005, the majority being products sold to Ford.

In January 2006, we announced a multi-year improvement plan that involved the restructuring of certain underperforming and non-strategic plants and businesses to improve operating and financial performance and to reduce costs. The multi-year improvement plan, which was initially expected to affect up to 23 facilities, was completed during 2008 and addressed a total of 30 facilities and businesses, including 7 divestitures and 14 closures. These activities resulted in sales declines of \$1 billion and \$675 million during the years ended December 31, 2008 and 2007, respectively.

During 2008, weakened economic conditions, largely attributable to the global credit crisis, and erosion of consumer confidence, negatively impacted the automotive sector on a global basis. Significant factors including the deterioration of housing values, rising fuel prices, equity market volatility and rising unemployment levels resulted in consumers delaying purchases of durable goods, particularly highly deliberated purchases such as automobiles. Additionally, the absence of available credit hindered vehicle affordability, forcing consumers out of the market globally. Together these factors combined to drive a severe decline in demand for automobiles across substantially all geographies. Despite actions taken to reduce our operating costs in 2008, the rate of such reductions did not keep pace with that of the rapidly deteriorating market conditions and related decline in OEM production volumes, which resulted in significant operating losses and cash flow usage, particularly in the fourth quarter of 2008.

Edgar Filing: VISTEON CORP - Form S-1/A

On May 28, 2009, we filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court), to reorganize under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code). The Chapter 11 cases were jointly administered under the caption Visteon Corporation, et al., Case No. 09-11786. We continued to operate our businesses as a debtor-in-possession under the jurisdiction of the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code.

On August 31, 2010, we filed a Fifth Amended Joint Plan of Reorganization (the Plan of Reorganization) with the Bankruptcy Court. The Plan of Reorganization was confirmed by the Bankruptcy Court on August 31, 2010

Table of Contents

(the Confirmation Order), and became effective on October 1, 2010 (the Effective Date), the date on which we emerged from protection under Chapter 11 of the Bankruptcy Code.

Fresh Start Accounting

As of the Effective Date, we adopted fresh start accounting in accordance with accounting principles generally accepted in the United States (GAAP). The actual impact at emergence on October 1, 2010 will be reported in our Form 10-K for the year ending December 31, 2010. The consolidated financial statements for the periods ended September 30, 2010 and prior do not include the effect of any changes in our capital structure or changes in the fair value of assets and liabilities as a result of fresh start accounting. As a result of the fresh start accounting adjustments governed by GAAP, we anticipate a significant increase in intangible assets.

The financial information incorporated by reference herein, unless otherwise expressly set forth or as the context otherwise indicates, reflects our historical consolidated results of operations, financial condition and cash flows for the periods presented. That historical financial information does not reflect, among other things, any effects of the transactions contemplated by the Plan of Reorganization or any fresh start accounting, which we adopted upon our emergence from protection under Chapter 11 of the Bankruptcy Code. Thus, such financial information will not be representative of our performance or financial condition after the effective date of the Plan of Reorganization.

Our Corporate Information

Our principal executive offices are located at One Village Center Drive, Van Buren Township, Michigan 48111. Our telephone number is (800) 847-8366 and we have a website accessible at www.visteon.com. The information posted on our website is not incorporated into this prospectus and is not part of this prospectus.

Table of Contents

THE OFFERING

Issuer	Visteon Corporation
Shares of common stock offered by the selling stockholders	46,972,866 shares of common stock
Shares of common stock outstanding after this offering	50,254,472 shares of common stock
Use of Proceeds	We will not receive any proceeds from the sale of shares of the common stock by the selling stockholders.
Risk Factors	Investing in our common stock involves substantial risk. For a discussion of risks relating to Visteon, our business and investment in our common stock, see the section titled Risk Factors on page 8 of this prospectus and all other information set forth in this prospectus before investing in our common stock.
OTC Bulletin Board Symbol	VSTO.OB

The number of shares to be outstanding after consummation of this offering is based on 50,254,472 shares of common stock outstanding as of December 1, 2010 including shares granted as restricted stock under the Visteon Corporation 2010 Incentive Plan regardless of whether such shares have vested, but does not include 3,888,889 additional shares of common stock reserved for issuance under the Visteon Corporation 2010 Incentive Plan, 1,552,048 shares issuable upon the exercise of warrants at an exercise price of \$58.80 per share that expire on October 1, 2015 or 1,858,376 shares issuable upon the exercise of warrants at an exercise price of \$9.66 per share that expire on October 1, 2020.

Table of Contents

RISK FACTORS

Investing in our common stock involves risk. If any of the risks described below or in any document incorporated by reference herein actually occurs, our business, financial condition and results of operations would likely suffer. In that event, the market price of our common stock could decline and an investor in our common stock could lose all or part of their investment. You should consider carefully all of the information set forth in this prospectus and the documents incorporated by reference herein, and, in particular, the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC, which is incorporated by reference in this prospectus. The risks described in any document incorporated by reference herein are not the only ones we face, but are considered to be the most material. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

Risks Related to Fresh Start Accounting

Information contained in our historical financial statements will not be comparable to the information contained in our financial statements after the application of fresh start accounting.

Following the consummation of the Plan of Reorganization, our financial condition and results of operations from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in our historical financial statements.

As a result of our restructuring under Chapter 11 of the Bankruptcy Code, our financial statements will be subject to fresh start accounting as prescribed by GAAP, in which our assets, liabilities and non-controlling interests will be recorded at their estimated fair value using the principles of purchase accounting. Goodwill, if any, will result if the reorganization value of Visteon exceeds the net total of the fair value of its assets, liabilities and non-controlling interests. Adjustments to the carrying amounts could be material and could affect prospective results of operations as balance sheet items are settled, depreciated, amortized or impaired.

This will make it difficult for stockholders to assess our performance in relation to prior periods. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 will reflect the consummation of the Plan of Reorganization and the adoption of fresh start accounting.

Risks Related to Ownership of Our Common Stock

The resale of shares of our common stock offered may adversely affect the market price of our common stock and substantial sales of or trading in our new common stock could occur in connection with our emergence from bankruptcy, which could cause our stock price to be adversely affected.

At the time of our emergence from bankruptcy, we granted registration rights to the selling stockholders. The shares of our outstanding common stock held by the selling stockholders and offered are registered for resale under the registration statement of which this prospectus forms a part. The shares offered hereby constitutes approximately 93.4% of our outstanding common stock as of December 1, 2010, all of which may be sold in the public markets from time to time pursuant to the registration statement of which this prospectus forms a part.

Commencing on April 1, 2011, assuming we remain current in our reporting obligations under the Exchange Act, and commencing on October 1, 2011, if we do not, these shares of common stock may also be sold under Rule 144 of the Securities Act, subject in the case of holders that are affiliates to restrictions on volume and manner of sale.

On October 1, 2010 we issued 3,497,520 shares of new common stock to holders of our previously outstanding common stock and holders of certain of our debt securities. These shares of new common stock are freely tradable and may be sold in the public markets from time to time.

Some of our creditors or other investors who receive shares of our new common stock in connection with our Plan of Reorganization may sell the shares of new common stock shortly after emergence from bankruptcy for any number of reasons. The sale of significant amounts of our new common stock or substantial trading in our new common stock or the perception in the market that substantial trading in our new common stock will occur may adversely affect the market price of our new common stock.

Table of Contents

The market price of our common stock may be volatile, which could cause the value of your investment to decline.

Since our emergence from bankruptcy, there has been a low volume of trading in our common stock. We can give no assurance that there will be greater liquidity in the trading market for our common stock in the future. If there is limited liquidity in the trading market for our common stock, a sale of a large number of shares of our common stock could adversely affect the market price of our common stock.

Numerous factors, including many over which we have no control, may have a significant impact on the market price of our common stock. These risks include those described or referred to in this Risk Factors section and in the other documents incorporated herein by reference as well as, among other things:

- our operating and financial performance and prospects;
- our ability to repay our debt;
- our access to financial and capital markets to refinance our debt or replace the existing credit facilities;
- investor perceptions of us and the industry and markets in which we operate;
- our dividend policy;
- future sales of equity or equity-related securities;
- changes in earnings estimates or buy/sell recommendations by analysts; and
- general financial, domestic, economic and other market conditions.

Certain provisions of our corporate documents and the laws of the State of Delaware as well as change of control provisions in our debt and other agreements could delay or prevent a change of control, even if that change would be beneficial to stockholders, or could have a material negative impact on our business.

Certain provisions in our second amended and restated certificate of incorporation and credit facility agreements may have the effect of deterring transactions involving a change in control of us, including transactions in which stockholders might receive a premium for their shares.

Our second amended and restated certificate of incorporation provides for the issuance of up to 50,000,000 shares of preferred stock with such designations, rights and preferences as may be determined from time to time by our board of directors. The authorization of preferred shares empowers our board of directors, without further stockholder approval, to issue preferred shares with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of the common stock. If issued, the preferred stock could also dilute the holders of our common stock and could be used to discourage, delay or prevent a change of control.

If the common stock is listed on a national securities exchange or held of record by more than 2,000 holders, we will be subject to the anti-takeover provisions of the Delaware General Corporation Law, which could have the effect of delaying or preventing a change of control in some circumstances.

Our credit facility agreements contain provisions pursuant to which it is an event of default if any person or group of persons becomes the beneficial owner of more than 51% of our common stock. This could deter certain parties from seeking to acquire us and if any person or group of persons were to become the beneficial owner of more than 51% of

our common stock, we would not be able to repay such indebtedness.

All of these factors could materially adversely affect the price of our common stock.

We do not currently anticipate paying cash dividends on our common stock in the foreseeable future.

We have not paid dividends on our common stock since 2004 and do not currently anticipate paying any cash dividends on our common stock in the foreseeable future. The terms of our credit facility restrict our ability to pay cash dividends on our common stock and repurchase shares of our common stock.

Table of Contents

Our operations may be restricted by the terms of our exit financing pursuant to credit facility agreements.

Our credit facility agreements include a number of significant restrictive covenants. These covenants could impair our financing and operational flexibility and make it difficult for us to react to market conditions and satisfy our ongoing capital needs and unanticipated cash requirements. Specifically, such covenants may restrict our ability and, if applicable, the ability of our subsidiaries to, among other things:

- incur additional debt;
- make certain investments;
- enter into certain types of transactions with affiliates;
- limit dividends or other payments by our restricted subsidiaries to us;
- use assets as security in other transactions;
- pay dividends on our new common stock or repurchase our equity interests;
- sell certain assets or merge with or into other companies;
- guarantee the debts of others;
- enter into new lines of business;
- make capital expenditures;
- prepay, redeem or exchange our debt; and
- form any joint ventures or subsidiary investments.

In addition, our credit facility agreements require us to periodically meet various financial ratios and tests, including maximum capital expenditure, maximum leverage, minimum excess availability and minimum interest coverage levels. These financial covenants and tests could limit our ability to react to market conditions or satisfy extraordinary capital needs and could otherwise restrict our financing and operations.

Our ability to comply with the covenants and other terms of our credit facility agreements will depend on our future operating performance. If we fail to comply with such covenants and terms, we would be required to obtain waivers from our lenders to maintain compliance under such agreements. If we are unable to obtain any necessary waivers and the debt under our credit facility agreements is accelerated, it would have a material adverse effect on our financial condition and future operating performance.

Our emergence from bankruptcy will reduce or eliminate our U.S. net operating losses and other tax attributes and limit our ability to offset future U.S. taxable income with tax losses and credits incurred prior to our emergence from bankruptcy.

The discharge of a debt obligation by a taxpayer in a bankruptcy proceeding for an amount less than its adjusted issue price (as defined for tax purposes) generally creates cancellation of indebtedness income, or COD income, that is excludable from a taxpayer's taxable income. However certain tax attributes otherwise available and of value to a

debtor will be reduced to the extent of the excludable COD income. Additionally, Internal Revenue Code Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. As a result of our emergence from bankruptcy we expect to have excludable COD income that will reduce our U.S. net operating losses and other tax attributes and we expect a limitation under Internal Revenue Code Sections 382 and 383 as a result of an ownership change.

Risks Related to Our Business and Industry

Please see Item 1A Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference herein, for risk factors related to our business and industry.

Table of Contents

USE OF PROCEEDS

We will not receive any proceeds from the sale of our common stock by the selling stockholders. We will pay estimated transaction expenses of approximately \$659,323 in connection with this offering.

DIVIDEND POLICY

We do not expect to pay dividends on our common stock for the foreseeable future. After the completion of this offering, we anticipate that all of our earnings, if any, in the foreseeable future will be used in the operation and growth of our business. Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements and contractual restrictions.

MARKET FOR OUR COMMON STOCK

Our common stock has been quoted on the OTC Bulletin Board since October 5, 2010 under the symbol VSTO.OB . No prior established public trading market existed for our common stock prior to this date.

There currently is a limited trading market for our common stock. The following chart lists the high and low sale prices for shares of our common stock for the calendar quarter indicated through December 1, 2010. These prices are between dealers and do not include retail markups, markdowns or other fees and commissions and may not represent actual transactions.

Quarter Ended	High	Low
December 31, 2010 (through December 1, 2010)	\$ 66.50	\$ 50.76

The closing price of our common stock on the OTC Bulletin Board on December 1, 2010 was \$60.55 per share.

As of December 1, 2010, we had approximately 12,705 holders of record of our common stock, based on information provided by our transfer agent.

Table of Contents

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial information (the Pro Forma Financial Information) sets forth selected historical consolidated financial information for Visteon Corporation and its consolidated subsidiaries. The historical data provided as of and for the nine months ended September 30, 2010 and for the twelve months ended December 31, 2009 are derived from our unaudited quarterly and audited annual consolidated financial statements which have been incorporated by reference into this prospectus.

The Pro Forma Financial Information is provided for informational and illustrative purposes only and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and related notes in the annual report on Form 10-K for the year ended December 31, 2009 and the quarterly report on Form 10-Q for the nine months ended September 30, 2010 which have been incorporated by reference into this prospectus. In addition, our historical financial statements will not be comparable to the financial statements of reorganized Visteon following emergence from bankruptcy due to the effects of the consummation of the Plan of Reorganization as well as adjustments for fresh start accounting.

The Pro Forma Financial Information has been prepared as if the adjustments and transactions described above occurred on January 1, 2009 for the unaudited pro forma condensed consolidated statements of operations and on September 30, 2010 for the unaudited pro forma condensed consolidated balance sheet. Each of these adjustments is more fully described below and within the notes to the Pro Forma Financial Information.

Reorganization adjustments give effect to the Plan of Reorganization and the transactions contemplated therein.

Fresh start adjustments reflect the adoption of fresh-start accounting, in accordance with GAAP.

Reorganization Adjustments

The Reorganization adjustments included in the Pro Forma Financial Information give effect to the Plan of Reorganization and the transactions contemplated therein, including the discharge of administrative claims, estimated claims allowed by the Bankruptcy Court, and reorganized Visteon's recapitalization upon emergence from Chapter 11 of the Bankruptcy Code. These adjustments include:

the cancellation of any shares of old common stock and any options, warrants or rights to purchase shares of old common stock or other equity securities outstanding prior to the Effective Date;

the issuance of approximately 50,200,000 new shares of common stock (excluding any shares that may be issued upon the exercise of warrants), including the following:

approximately 45,000,000 shares of new common stock to certain investors in a private offering exempt from registration under the Securities Act for proceeds of \$1.25 billion;

approximately 2,500,000 shares of new common stock to holders of pre-petition notes, including 7% Senior Notes due 2014, 8.25% Senior Notes due 2010 and 12.25% Senior Notes due 2016;

approximately 1,700,000 shares of new common stock pursuant to a post-emergence management equity incentive program; and

approximately 1,000,000 shares of new common stock to holders of old common stock;

the execution of an exit financing facility including \$500 million in funded, secured term debt and a \$200 million asset-based, secured revolving credit facility undrawn at the Effective Date; and

the application of proceeds from such borrowings and sales of equity along with cash on hand to make settlement distributions contemplated under the Plan of Reorganization.

The Pro Forma Financial Information excludes the estimated gain of approximately \$1.0 billion resulting from the settlement of pre-petition obligations pursuant to the Plan of Reorganization as such gain is non-recurring. For

Table of Contents

additional information regarding the Reorganization Adjustments see the related notes to the Pro Forma Financial Information.

Fresh Start Adjustments

Fresh start adjustments result in the allocation of reorganization value to the fair value of assets as of the Effective Date. Under fresh start accounting, reorganization value is allocated to the fair value of assets in accordance with GAAP and is generally allocated first to tangible assets and identifiable intangible assets and lastly to excess reorganization value (i.e. goodwill). Reorganization value includes an estimated enterprise value of approximately \$2.4 billion, which represents our best estimate of fair value within the range of enterprise values contemplated by the Bankruptcy Court of \$2.3 billion to \$2.5 billion.

The range of enterprise values considered by the Court was determined using certain financial analysis methodologies including the comparable companies analysis, the precedent transactions analysis and the discounted cash flow analysis. The application of these methodologies requires certain key judgments and assumptions, including our financial projections, the amount of cash available to fund operations and current market conditions.

Comparable Companies Analysis

The comparable companies analysis estimates the value of a company based on a comparison of such company's financial statistics with the financial statistics of publicly-traded companies with similar characteristics. Criteria for selecting comparable companies for this analysis included, among other relevant characteristics, similar lines of business, geographic presence, business risks, growth prospects, maturity of businesses, market presence, size and scale of operations. The comparable companies analysis established benchmarks for valuation by deriving financial multiples and ratios for the comparable companies, standardized using common metrics of (i) EBITDAP (Earnings Before Interest, Depreciation, Amortization and Pension Expense) and (ii) EBITDAP minus capital expenditures. EBITDAP based metrics were utilized to ensure that the analysis allowed for valuation comparability between companies which sponsor pensions and those that do not. The calculated range of multiples for the comparable companies was used to estimate a range which was applied to our projected EBITDAP and projected EBITDAP minus capital expenditures to determine a range of enterprise values. The multiples ranged from 4.6 to 7.8 depending on the comparable company for EBITDAP and from 6.1 to 14.6 for EBITDAP minus capital expenditures. Because the multiples derived excluded pension expense, the analysis further deducted an estimated amount of pension underfunding totaling \$455 million from the resulting enterprise value.

Precedent Transactions Analysis

The precedent transactions analysis is based on the enterprise values of companies involved in public or private merger and acquisition transactions that have operating and financial characteristics similar to us. Under this methodology, the enterprise value of such companies is determined by an analysis of the consideration paid and the debt assumed in the merger, acquisition or restructuring transaction. As in a comparable companies valuation analysis, the precedent transactions analysis establishes benchmarks for valuation by deriving financial multiples and ratios, standardized using common variables such as revenue or EBITDA. In performing the precedent transactions analysis an EBITDAP metric was not able to be used due to the unavailability of pension expense information for the transactions analyzed. Therefore, the precedent transactions analysis relied on derived EBITDA multiples, which were then applied to our operating statistics to determine enterprise value. Different than the comparable companies analysis in that the EBITDA metric is already burdened by pension, the precedent transactions analysis did not need to separately deduct pension underfunding in order to calculate enterprise value. The calculated multiples used to estimate a range of enterprise values for the Company ranged from 4.0 to 7.1 depending on the transaction.

Discounted Cash Flow Analysis

The discounted cash flow analysis estimates the value of a business by calculating the present value of expected future cash flows to be generated by such business. This analysis discounts the expected cash flows by an

Table of Contents

estimated discount rate. This approach has three components: (i) calculating the present value of the projected unlevered after-tax free cash flows for a determined period of time, (ii) adding the present value of the terminal value of the cash flows and (iii) subtracting the present value of projected pension payments in excess of the terminal year pension expense through 2017 due to the underfunded status of such pension plans. These calculations were performed on unlevered after-tax free cash flows, using an estimated tax rate of 35% for the period beginning July 1, 2010 through December 31, 2013 (the Projection Period), discounted to the assumed effective date of June 30, 2010.

The discounted cash flow analysis was based on our financial projections as included in the Fourth Amended Disclosure Statement (the Financial Projections) and included assumptions for the weighted average cost of capital (the Discount Rate), which was used to calculate the present value of future cash flows and a perpetuity growth rate for the future cash flows, which was used to determine the enterprise value represented by the time period beyond the Projection Period. The Discount Rate was calculated using the capital asset pricing model resulting in Discount Rates ranging from 14% to 16%, which reflects a number of Company and market-specific factors. The perpetuity growth rate was calculated using the perpetuity growth rate method resulting in a perpetuity growth rate for free cash flow of 0% to 2%. Projected pension payments were discounted on a similar basis at the overall discounted cash flow Discount Rate range.

Other Considerations

Our estimate of the enterprise value was based upon an equally weighted average of the values resulting from the comparable companies, precedent transactions and discounted cash flow analyses discussed above. This estimated enterprise value was further adjusted for factors that would impact our cash and/or debt levels, including the estimated value of our non-consolidated joint ventures, the estimated value of non-controlling interests in the Visteon enterprise and estimated amounts of available cash (i.e. cash in excess of estimated minimum operating requirements).

The value of our non-consolidated joint ventures was calculated using a discounted cash flow analysis of the dividends projected to be received from these operations and also includes a terminal value based on the perpetuity growth method, where the dividend is assumed to continue into perpetuity at an assumed growth rate. This discounted cash flow analysis utilized a discount rate based on the cost of equity range of 13% to 21% and a perpetuity growth rate after 2013 of 2% to 4%. Application of this valuation methodology resulted in an estimated value of our non-consolidated joint ventures of \$195 million, which was incremental to the estimated enterprise value.

To calculate the value of non-controlling interests, estimated at \$424 million, we relied on closing prices of the respective publicly-traded stock as of April 28, 2010 and converted such prices into U.S. dollars at the exchange rate at that date. The estimated value of non-controlling interests was deducted from the estimated enterprise value.

Projected global cash balances were utilized to determine the estimated amount of available cash of \$242 million, which was incremental to the estimated enterprise value. Amounts of cash expected to be used for settlements under the terms of the Plan of Reorganization and the estimated minimum level of cash required for ongoing operations were deducted from total projected cash to arrive at an amount of remaining or available cash.

The value of a business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the prospects of such a business. As a result, the estimates set forth herein are not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. These estimates assume that we will continue as the owner and operator of our businesses and related assets and that such businesses and assets will be operated in accordance with the business plan, which is the basis for our

Financial Projections. Our Financial Projections are based on projected market conditions in each of our respective markets and other estimates and assumptions including, but not limited to, general business, economic, competitive, regulatory, market and financial conditions, all of which are difficult to predict and generally beyond the Company's control. Depending on the actual results of such factors, our operations or changes in financial markets, these valuation estimates may differ significantly from that disclosed herein.

Table of Contents

Reorganization Value

The estimated enterprise value, after adjusting for the estimated fair values of liabilities and debt, is intended to approximate the reorganization value, or the amount a willing buyer would pay for the assets of the company immediately after restructuring. Under fresh start accounting, reorganization value is allocated to our assets based on their respective fair values in conformity with the purchase method of accounting for business combinations under GAAP.

Fair value estimates included in the Pro Forma Financial Information represent preliminary values and have been made solely for the purpose of developing the Pro Forma Financial Information included herein and are subject to further revisions and adjustments. Updates to such preliminary values will be completed in the periods subsequent to those reported in this prospectus and will be calculated as of our actual emergence date of October 1, 2010 and, to the extent such updates reflect a valuation different than those used in the Pro Forma Financial Information, there may be adjustments in the carrying values of certain assets and liabilities and related deferred taxes. To the extent actual valuations differ from those used in preparing the Pro Forma Financial Information, these differences will be reflected in our consolidated balance sheet upon emergence under fresh start accounting and may also affect our results of operations post-emergence from bankruptcy. As such, the following Pro Forma Financial Information is not intended to represent actual post-emergence financial condition or results of operations, and any differences could be material.

The Pro Forma Financial Information excludes certain non-recurring amounts that we expect to incur following the effective date of emergence, including approximately \$30 million related to the valuation step-up of inventory and certain post-emergence bankruptcy-related professional fees. For additional information regarding the Fresh Start Adjustments see the related notes to the Pro Forma Financial Information.

Pro Forma Financial Information

The unaudited pro forma condensed consolidated balance sheet is presented as of September 30, 2010 and the unaudited pro forma condensed consolidated statements of operations are presented for the year ended December 31, 2009 and for the nine months ended September 30, 2010. The following Pro Forma Financial Information was prepared by applying adjustments to historical consolidated financial statements. These adjustments give effect to the Plan of Reorganization and fresh start accounting, reflecting our post-emergence financial statements as if the emergence date had occurred on January 1, 2009 for the unaudited pro forma condensed consolidated statements of operations and on September 30, 2010 for the unaudited pro forma condensed consolidated balance sheet.

The Pro Forma Financial Information does not purport to represent what reorganized Visteon's actual results of operations or financial position would have been had the Plan of Reorganization become effective or had the other transactions described above occurred on January 1, 2009 or on September 30, 2010, as the case may be. In addition, the dollar amount of new equity and stockholders' equity on the unaudited pro forma condensed consolidated balance sheet is not an estimate of the market value of the common stock or any other shares of capital stock of reorganized Visteon as of the Effective Date or at any other time. We make no representations as to the market value, if any, of the common stock or of any other shares of capital stock of reorganized Visteon.

Table of Contents

VISTEON CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Nine Months Ended September 30, 2010

	Reorganization		Fresh Start	Pro Forma
	Historical	Adjustments	Adjustments	
	(Dollars in millions, except per share amounts)			
Net Sales				
Products	\$ 5,437	\$	\$	\$ 5,437
Services	142			142
	5,579			5,579
Cost of Sales				
Products	4,877	64(a)	(12)(g)	4,929
Services	140			140
	5,017	64	(12)	5,069
Gross margin	562	(64)	12	510
Selling, general and administrative expenses	292	8(b)	(27)(h)	273
Reorganization items, net	123	(123)(c)		
Restructuring expenses	20			20
Asset impairments and loss on divestures	25			25
Operating income	102	51	39	192
Interest expense	170	(128)(d)		42
Interest income	10			10
Equity in net income of non-consolidated affiliates	100			100
Income before income taxes	42	179	39	260
Provision for income taxes	94	(e)	2(e)	96
Net (loss) income	(52)	179(f)	37	164
Net income attributable to noncontrolling interests	56		(2)(i)	54
Net (loss) income attributable to Visteon	\$ (108)	\$ 179	\$ 39	\$ 110
Basic per share data				
Weighted average shares outstanding	129.4			49.9(j)
Net (loss) income attributable to Visteon	\$ (0.83)			\$ 2.20(j)
Diluted per share data				

Edgar Filing: VISTEON CORP - Form S-1/A

Weighted average shares outstanding	129.4	51.9(j)
Net (loss) income attributable to Visteon	\$ (0.83)	\$ 2.12(j)

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

Table of Contents**VISTEON CORPORATION AND SUBSIDIARIES****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS****Twelve Months Ended December 31, 2009**

	Reorganization	Fresh Start		Pro Forma
	Historical	Adjustments	Adjustments	Forma
	(Dollars in millions, except per share amounts)			

Net Sales

Products	\$ 6,420	\$	\$	\$ 6,420
Services	265			265

	6,685			6,685
--	-------	--	--	-------

Cost of Sales

Products	5,827	56(a)	29(g)	5,912
Services	261			261

	6,088	56	29	6,173
--	-------	----	----	-------

Gross margin

Selling, general and administrative expenses	331	44(b)	64(h)	439
----------------------------------------------	-----	-------	-------	-----

Restructuring expenses	84			84
------------------------	----	--	--	----

Reimbursement from escrow account	62			62
-----------------------------------	----	--	--	----

Reorganization items, net	60	(60)(c)		
---------------------------	----	---------	--	--

Deconsolidation and other gains	106			106
---------------------------------	-----	--	--	-----

Operating income

Interest expense	117	(55)(d)	(93)	62
------------------	-----	---------	------	----

Interest income	11			11
-----------------	----	--	--	----

Equity in net income of non-consolidated affiliates	80			80
-----------------------------------------------------	----	--	--	----

Income before income taxes

Provision for income taxes	80	(e)	1(e)	81
----------------------------	----	-----	------	----

Net income	184	15(f)	(94)	105
------------	-----	-------	------	-----

Net income attributable to noncontrolling interests	56		(3)(i)	53
-----------------------------------------------------	----	--	--------	----

Net income attributable to Visteon	\$ 128	\$ 15	\$ (91)	\$ 52
-------------------------------------------	---------------	--------------	----------------	--------------

Basic per share data

Weighted average shares outstanding	130.4			49.9(j)
-------------------------------------	-------	--	--	---------

Net income attributable to Visteon	\$ 0.98			\$ 1.04(j)
------------------------------------	---------	--	--	------------

Diluted per share data

Weighted average shares outstanding	130.4	51.9(j)
Net income attributable to Visteon	\$ 0.98	\$ 1.00(j)

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

Table of Contents**VISTEON CORPORATION AND SUBSIDIARIES****NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENTS OF OPERATIONS**Reorganization Adjustments

- (a) Cost of sales increased by \$64 million and by \$56 million for the nine months ended September 30, 2010 and the twelve months ended December 31, 2009, respectively, as shown below:

	Nine Months Ended September 30, 2010 (Dollars in millions)	Twelve Months Ended December 31, 2009 (Dollars in millions)
Other postretirement employee benefit (OPEB) settlements	\$ 61	\$ 43
Incentive compensation, including share-based compensation	3	13
Pro forma adjustment	\$ 64	\$ 56

In connection with the Plan of Reorganization, the Company settled certain OPEB obligations and ceased to provide such benefits. The adjustment above eliminates the net benefit associated with such settlements from the historical financial results. Additionally, the historical financial results have been adjusted to reflect new management incentive compensation arrangements as contemplated under the Plan of Reorganization, including share-based compensation granted in connection with the Management Equity Incentive Program.

- (b) This adjustment reflects changes in Selling, general and administrative expenses in connection with implementation of the Plan of Reorganization as shown below:

	Nine Months Ended September 30, 2010 (Dollars in millions)	Twelve Months Ended December 31, 2009 (Dollars in millions)
OPEB settlements	\$ 7	\$ 4
Incentive compensation, including share-based compensation	3	61
Elimination of pre-petition bankruptcy related professional fees		(19)
Reduction in non-qualified benefit plan expense	(2)	(2)
Pro forma adjustment	\$ 8	\$ 44

- (c) Reflects the elimination of bankruptcy-related reorganization expenses of \$123 million and \$60 million for the nine months ended September 30, 2010 and for the twelve months ended December 31, 2009, respectively. The

Company expects to incur post emergence Chapter 11 related costs, including professional fees, that are not included in the Pro Forma Financial information as such costs are considered to be non-recurring.

Table of Contents

- (d) This adjustment reflects changes in interest expense associated with the post-emergence capital structure contemplated under the Plan of Reorganization, which includes a \$500 million term loan and a \$200 million asset-based secured revolving credit facility undrawn at the Effective Date. These changes result in a net decrease of \$128 million for the nine months ended September 30, 2010 and a net decrease of \$55 million for the year ended December 31, 2009, as shown below:

	Nine Months Ended September 30, 2010	Twelve Months Ended December 31, 2009
	(Dollars in millions)	
Interest on post-petition debt:		
Interest on \$500 million secured term loan	\$ 30	\$ 40
Availability fee on revolving line of credit	1	2
Amortization of deferred debt issuance costs	2	2
Accretion of discount	2	2
 Total pro forma interest expense	 35	 46
Less: interest on pre-petition debt	(163)	(101)
 Pro forma adjustment	 \$ (128)	 \$ (55)

The expected interest rate on the post-emergence secured term loan is the London Interbank Borrowing Rate (LIBOR), not less than 1.75%, plus a margin of 6.25%. The Company estimates its weighted average interest rate will be approximately 8% based on current LIBOR rates. A one percent increase or decrease on the expected weighted average interest rate would increase or decrease interest expense on the post-emergence debt by \$5 million.

The Company estimates debt issuance costs to be approximately \$12 million, fees paid to the lenders to be approximately \$12 million and original issuance discount to be approximately \$10 million. Debt issuance costs are amortized over the remaining life of the respective debt instrument. The original issuance discount and fees paid to lenders are reflected as a reduction to the carrying value of the debt and are accreted over the life of the debt instrument through interest expense.

Additionally, the Company will pay a commitment fee on undrawn amounts under the asset-based secured revolving credit facility of between 0.50% and 0.75% per annum based on availability.

- (e) Reflects the net change in estimated total income tax provision associated with reorganization and fresh start adjustments for the nine months ended September 30, 2010 and for the twelve months ended December 31, 2009. These changes are based on the application of enacted statutory tax rates to the pro forma adjustments by jurisdiction affecting only those without a full valuation allowance.
- (f) The gain resulting from the cancellation of indebtedness pursuant to the Plan of Reorganization of approximately \$1.0 billion has been excluded from the pro forma adjustments because this amount will not continue post

emergence.

Fresh Start Adjustments

- (g) Cost of sales for the nine months ended September 30, 2010 and the twelve months ended December 31, 2009 are estimated to decrease by \$12 million and to increase by \$29 million, respectively, associated with fair market value adjustments as shown below:

	Nine Months Ended September 30, 2010	Twelve Months Ended December 31, 2009
	(Dollars in millions)	
Elimination of pension and OPEB related deferred amounts	\$ 4	\$ 100
Depreciation expense	(30)	(89)
Intangible asset amortization	14	18
	\$	