

VISTEON CORP
Form 8-K
March 28, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
Date of Report (Date of earliest event reported) March 28, 2011
VISTEON CORPORATION
(Exact name of registrant as specified in its charter)**

Delaware

1-15827

38-3519512

(State or other jurisdiction of incorporation)

(Commission File Number) (IRS Employer Identification No.)

One Village Center Drive, Van Buren Township, Michigan

48111

(Address of principal executive offices)

(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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SECTION 7 REGULATION FD

Item 7.01. Regulation FD Disclosure.

During the course of a series of conversations with investors, Visteon Corporation (the Company) expects to indicate today that management remains comfortable with the financial guidance for the 2011 fiscal year issued on March 9, 2011. The Company also expects to disclose that it is (i) seeking an amendment of its current asset-based revolving loan facility (the ABL Facility), which, if completed, would among other things, reduce the commitment fee on undrawn amounts, decrease the applicable margins on base rate and LIBOR rate loans and modify certain of the covenants and other provisions of the ABL Facility, and (ii) potentially increasing the ABL Facility by \$30 million pursuant to the ABL Facility's accordion feature.

The foregoing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not guarantees of future results and conditions but rather are subject to various factors, risks and uncertainties that could cause our actual results to differ materially from those expressed in these forward-looking statements, including, but not limited to,

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 financial and other covenants in our credit agreements; and the continuation of acceptable supplier payment terms;

our ability to satisfy pension and other post-employment benefit obligations;

our ability to access funds generated by foreign subsidiaries and joint ventures on a timely and cost-effective basis;

conditions within the automotive industry, including (i) the automotive vehicle production volumes and schedules of our customers, and in particular Ford's and Hyundai-Kia's vehicle production volumes, (ii) the financial condition of our customers or suppliers and the effects of any restructuring or reorganization plans that may be undertaken by our customers or suppliers or work stoppages at our customers or suppliers, and (iii) possible disruptions in the supply of commodities to us or our customers due to financial distress, work stoppages or natural disasters;

new business wins and re-wins do not represent firm orders or firm commitments from customers, but are based on various assumptions, including the timing and duration of product launches, vehicle production levels, customer price reductions and currency exchange rates;

general economic conditions, including changes in interest rates, currency exchange rates and fuel prices; the timing and expenses related to internal restructurings, employee reductions, acquisitions or dispositions and the effect of pension and other post-employment benefit obligations;

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increases in raw material and energy costs and our ability to offset or recover these costs, increases in our warranty, product liability and recall costs or the outcome of legal or regulatory proceedings to which we are or may become a party; and

those factors identified in our filings with the SEC (including our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2010).

Caution should be taken not to place undue reliance on our forward-looking statements, which represent our view only as of the date hereof, and which we assume no obligation to update.

SECTION 8 OTHER EVENTS

Item 8.01. Other Events.

On March 28, 2011, the Company issued a press release announcing that it had launched a private offering of approximately \$500 million in principal amount of new senior unsecured notes due 2019. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

SECTION 9 FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01. Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press release dated March 28, 2011.

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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 hereunto duly authorized.

VISTEON CORPORATION

Date: March 28, 2011

By: /s/ William G. Quigley III
William G. Quigley III
Executive Vice President
and Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	Description	Page
99.1	Press release dated March 28, 2011.	
	"TEXT-ALIGN: right">647.1 (336.3) (52%)	
	Gas (Mcf)	
	1,013.8 1,654.1 (640.3) (39%)	
	Total production (BOE)	
	479.7 922.8 (443.1) (48%)	
	Average daily production (BOE)	
	1.8 3.4 (1.6) (48%)	
	% oil of production	
	65% 70% (5%) (8%)	
	Average sales price:	
	Oil (per Bbl)	
	\$72.47 \$44.79 \$27.68 62%	
	Gas (per Mcf)	
	\$7.61 \$5.09 \$2.52 50%	
	Total (per BOE)	
	\$63.03 \$40.54 \$22.49 55%	
	Oil and gas revenues:	
	Oil revenue	
	\$22,519 \$28,988 \$(6,469) (22%)	
	Gas revenue	
	\$7,718 \$8,421 \$(703) (8%)	
	Total	
	\$30,237 \$37,409 \$(7,172) (19%)	
	Lease operating expenses	
	\$15,886 \$35,374 \$(19,488) (55%)	
	Additional per BOE data:	
	Sales price	
	\$63.03 \$40.54 \$22.49 55%	
	Lease operating expenses	
	\$33.11 \$38.33 \$(5.22) (14%)	
	Operating Margin per BOE	
	\$29.91 \$2.21 \$27.7 1253%	
	Impairment and DDA	
	\$52,996 \$332,725 \$(279,729) (84%)	
	General and administrative:	
	Management fees	
	\$(2,139) \$77,983 \$(80,122) (103%)	

Accounting & legal

\$127,024 \$134,359 \$(7,335) (5%)

Office, travel and investor relations

\$68,651 \$23,199 \$45,452 196%

Total

\$193,536 \$235,541 \$(42,005) (18%)

Change in fair value of warrant liability

\$1,083,644 \$2,603,133 \$(1,519,489) (58%)

Total Revenue

Total oil and gas revenues decreased 30% from \$8,783 to \$6,150 comparatively for the three-month ended September 30, 2009 to 2010 due to a decline in production from the natural decline in the reservoirs. Average daily production on an equivalent basis for the three-months ended September 30, 2010 was 1.2 BOE compared to 2.1 BOE for the same period in 2009 which represents a decrease of 43%. For the first time in our history, oil does not represent the majority of our revenue mix at 49% for the three-months ended September 30, 2010 compared to 69% for the same period in 2009. The relative decline in oil compared to gas production is due to the natural decline in the reservoirs.

Oil Revenue

Oil production for the three-months ended September 30, 2010 and 2009 was 54.4 and 134.4 barrels, respectively, and generated revenue of \$3,679 and \$6,407, respectively, for an average price per barrel of \$67.66 and \$47.67. The 60% decrease in production was offset by the 42% increase in price per barrel.

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Oil production for the nine-months ended September 30, 2010 and 2009 was 310.8 and 647.1 barrels, respectively, and generated revenue of \$22,519 and \$28,988, respectively, for an average price per barrel of \$72.47 and \$44.79, respectively. The 52% decrease in production was offset by the 62% increase in price per barrel.

Gas Revenue

Gas production for the three-months ended September 30, 2010 and 2009 was 339.7 and 366.1 Mcf, respectively, and generated revenue of \$2,471 and \$2,376, respectively, for an average price per Mcf of \$7.27 and \$6.49, respectively. The 7% decrease in production was offset by a 12% increase in price per Mcf. We continue to receiving premium pricing on gas production due to high quality, or high Btu, gas.

Gas production for the nine-months ended September 30, 2010 and 2009 was 1,013.8 and 1,654.1 Mcf, respectively, and generated revenue of \$7,718 and \$8,421, respectively, for an average price per of \$7.61 and \$5.09 per Mcf, respectively. The decrease in production is due to the natural decline in reservoirs. The 39% decrease in production was offset by the 50% increase in price per Mcf.

Lease Operating Expenses

Lease operating expenses for the three-months ended September 30, 2010 decreased 59% or \$6,049 to \$4,247 from \$10,296 for the same period in 2009. This decrease is attributable primarily to reduced maintenance costs; increased operator efficiency; and lower taxes from the Texas Severance Tax Incentive. Lease operating expenses on an equivalent production basis decreased 14.43 per BOE to 38.26 from 52.69 or 27% due to lower operating expenses.

Lease operating expenses for the nine-months ended September 30, 2010 decreased 55% to \$15,886 from \$35,374 for the same period in 2009. This decrease is attributable primarily to reduced maintenance costs; increased operator efficiency; and lower taxes from the Texas Severance Tax Incentive. Lease operating expenses on an equivalent production basis decreased 5.22 per BOE to 33.11 from 38.33 or 14% due to operator efficiency as well as reduced maintenance costs.

Impairment and DDA

The impairment of oil and gas properties decreased to \$6,863 from \$87,304 comparatively for the three-month ended September 30, 2010 and 2009, respectively. We believe that our net book value approximates fair market value. Depreciation amounted to \$5,250 for the three months ended September 30, 2010.

The impairment of oil and gas properties decreased to \$19,621 from \$332,725 comparatively for the nine-months ended September 30, 2010 and 2009, respectively. We believe that our net book value approximates fair market value. Depreciation amounted to \$33,375 for the nine-months ended September 30, 2010.

Management Fees

Management fees decreased to (\$31,129) from \$24,965 comparatively for the three-months ended September 30, 2010 and 2009. The \$56,094 decrease is comprised of a \$50,129 reversal of stock compensation expense from the cancellation of stock options upon the resignation of the previous management team in August 2010, and a \$5,965 increase in management fees due to an increase in compensation fees paid to the new management team compared to the previous management team.

Management fees decreased to (\$2,139) from \$77,983 comparatively for the nine-months ended September 30, 2010 and 2009. The \$80,122 decrease is comprised of a \$73,185 decrease in stock compensation expense from the

cancellation of stock options upon the resignation of the previous management team in August 2010, and a \$6,937 decrease in management fees due to an agreement by the directors to waive payment of monthly management fees.

Upon the appointment of Mr. Antonino Cacace to the Board of Directors, and to the positions of President, Chief Executive Officer and Chief Financial Officer, we agreed to pay a monthly management fee of \$3,000 for his services. Upon the appointed Messrs. David Jenkins and Joseph Sierchio to the Board of Directors effective August 26, 2010, we agreed to pay Messrs. Jenkins and Sierchio a monthly fee of \$2,000 each for their services.

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Accounting and Legal Fees

Accounting and legal expenses increased for the three-months ended September 30, 2010 and 2009 to \$53,946 from \$44,361 respectively, representing an increase of 22%. The \$9,585 increase is due to a \$2,009 increase in external accounting fees due to timing of invoices, an \$11,128 increase in internal accounting fees due to the change in management in August 2010, offset by a \$3,552 decrease in legal fees.

Accounting and legal expenses decreased for the nine-months ended September 30, 2010 and 2009 to \$127,024 from \$134,359, respectively, representing a decrease of 5%. The \$7,335 decrease is comprised of an increase in internal accounting fees of \$18,463 due to the recent change in management, which is offset by a \$10,566 decrease in external accounting fees, and a decrease in legal fees of \$15,232 primarily due to the completion of the S-1 filing.

Office, Travel and Investor Relations

Office, travel and investor relations expenses increased to \$39,204 from \$15,154 for the three-months ended September 30, 2010 compared to the same period in 2009 representing an increase of \$24,050 or 159% increase. This increase is due to an increase in travel expenses of \$21,411 and increase of \$2,639 in office, facilities fees and investor relations. These increases are due to an overall increase in activity within the Company with the change in management.

Office, travel and investor relations expenses increased to \$68,651 from \$23,199 for the nine-months ended September 30, 2010 compared to the same period in 2009 representing an increase of \$45,452 or 196% increase. This increase is due to an increase in travel expenses of \$28,366; an increase of \$5,757 in investor relations; and increase of \$11,329 in office, facilities fees and investor relations. These increases are due to an overall increase in activity within the Company with the change in management.

Change in Fair Value of Warrant Liability

During 2009, we began to account for the Series A and the Series B Warrants as derivatives. We determined that our Series A and Series B warrants contained a Dilutive Issuance provision. As a result, we reclassified a total of 12,900,000 warrants from equity to a noncurrent warrant liability and recorded a cumulative effect of change in accounting principle that reduced our accumulated deficit as of January 1, 2009 by \$1,624,513.

We measure the fair value of the warrant liability in accordance with ASC 820 Fair Value Measurement and Disclosure which emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). At the end of each reporting period, we revalue the warrant liability using a Black-Scholes model (Level 3 inputs). As a result of adjusting the warrant liability to fair value, we recorded a non-cash gain of \$739,694 and \$328,350 (total gain of \$1,068,044) relating to the Series A and Series B Warrants, respectively, for the three-months ended September 30, 2010.

As a result of adjusting the warrant liability to fair value, we recorded a non-cash gain of \$295,187 relating to the Series A Warrants, and a non-cash gain of \$788,457 relating to the Series B Warrants (total gain of \$1,083,644) for the nine-months ended September 30, 2010.

Related Party Transactions

Executive Management

On August 27, 2010, Mr. Derek Cooper resigned from the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company. The Company incurred \$5,000 (2009: \$7,500) and \$20,000 (2009: \$22,500) in fees paid to Mr. Cooper for the three and nine-months ended September 30, 2010, respectively. At the time of his separation, certain of Mr. Cooper's outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$16,710 that we had recognized in relation to these unvested options was reversed to general and administrative expenses during the period ended September 30, 2010. For the three and nine-months ended September 30, 2010, we incurred (\$16,710) and \$(12,047), respectively, as stock compensation expense related to options granted to Mr. Cooper.

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Immediately upon Mr. Cooper's resignation, we appointed Mr. Antonino Cacace, to the Board of Directors and the positions of President, Chief Executive Officer and Chief Financial Officer. We agreed to pay Mr. Cacace a monthly management fee of \$3,000 for his services. For the three and nine month periods ended September 30, 2010, we incurred \$6,000 in management fees paid to Mr. Cacace.

Director Fees

On August 26, 2010, Messrs. Jeet Sidhu and Christian Hudson resigned as members of the Board of Directors. We incurred nil (2009: \$6,000) and nil (2009: \$18,435), in board fees for these non-employee directors for the three and nine-month ended September 30, 2010, respectively. At the time of their separation, certain of their outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$33,419 that we had recognized in relation to these unvested options was reversed to general and administrative expenses during the period ended September 30, 2010. For the three and nine-months ended September 30, 2010, we recorded (\$33,419) and (\$24,091), respectively, as stock compensation expense related to options granted to these non-employee directors.

In order to fill the vacancies created by the resignations of Messrs. Jeet Sidhu and Christian Hudson, we appointed Messrs. David Jenkins and Joseph Sierchio to the Board of Directors. We agreed to pay Messrs. Jenkins and Sierchio a monthly fee of \$2,000 each for their services. For the three and nine-month ended September 30, 2010, we incurred \$8,000 in management fees paid to Messrs. Jenkins and Sierchio.

Legal Fees

Legal fees expensed for the three and nine-months ended September 30, 2010 totaled \$12,385 (2009: \$15,910) and \$22,793 (2009: \$38,025), respectively, were paid or are due to our attorney, Mr. Sierchio, who was appointed to our board effective August 26, 2010.

Liquidity and Capital Resources

We had cash and cash equivalents of \$2,180,721 and \$2,409,770 as of September 30, 2010 and December 31, 2009, respectively. We have financed our operations from cash on hand for the nine-months ended September 30, 2010.

Net cash flows used in operating activities was (\$220,526) for the nine-months ended September 30, 2010 compared to net cash used in operating activities of (\$231,290) for the nine-months period ended September 30, 2009. Cash used for operating activities decreased primarily due to a decrease in lease operating expense.

Cash used in investing activities was (\$8,523) for the nine-months ended September 30, 2010, compared to cash used in investing activities of (\$33,245) for the nine-months ended September 30, 2009. The cash used during both nine month periods represents additions to capitalized costs of oil and gas properties.

We had no cash used or generated in financing activities for the nine month periods ended September 30, 2010 and 2009.

The accompanying financial statements have been prepared assuming we will continue as a going concern. We have incurred cumulative losses of \$3,586,538 through September 30, 2010. Additionally, we have expended a significant amount of cash to acquire working interests in oil and gas properties and operating as a public entity. We expect to continue to incur losses from business operations in the future. Management believes that our cash and cash equivalent balances, anticipated cash flows from operations and other external sources of credit will be sufficient to meet our cash requirements through December 2011 if not longer. Our prospects after December 2011 will depend in

large part on our ability to successfully raise capital from external sources to pay for planned expenditures and to fund operations.

Due to the "start up" nature of our business, we expect to incur losses as we expand. We expect to raise additional funds through private or public equity investment in order to expand the range and scope of our business operations. We will seek access to private or public equity but there is no assurance that such additional funds will be available for us to finance our operations on acceptable terms, if at all.

At this time, we have no agreements or understandings with any third party regarding any financings.

Moreover, the trading price of our shares of common stock and a downturn in the United States stock and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, or experience unexpected cash requirements that would force us to seek alternative financing. Further, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our shares of common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

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Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk is confined to our cash equivalents and short-term investments. We invest in high-quality financial instruments; primarily money market funds, federal agency notes, and US Treasury obligations, with the effective duration of the portfolio within one year which we believe are subject to limited credit risk. We currently do not hedge interest rate exposure. Due to the short-term nature of our investments, we do not believe that we have any material exposure to interest rate risk arising from our investments.

Item 4. Controls and Procedures

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company's principal executive and principal financial officers have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) were effective as of September 30, 2010.

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceeding

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Index

Exhibit No.	Description of Exhibit
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3.1	Articles of incorporation (exhibit 3.1). S-8 filing dated October 3, 2003.
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3.2	Bylaws (exhibit 3.2). S-8 filing dated October 3, 2003.
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10.1	Subscription Agreement (exhibit 10.1), Series A Warrant Agreement (exhibit 10.2), Series B Warrant Agreement (exhibit 10.2), Registration Rights Agreement (exhibit 10.4) for 6,450,000 unit private placement on July 28, 2008. 8-K filing dated August 1, 2008.
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10.2	Participation Agreement dated September 9, 2008 with respect to the Stahl #1 Well located Fayette County, Texas. 8-K filing dated October 24, 2008.
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10.3	Participation Agreement dated September 9, 2008 with respect to the Onnie Ray #1 Well located Lee County, Texas. 8-K filing dated October 24, 2008.
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10.4	Participation Agreement dated September 9, 2008 with respect to the Haile #1 Well located Frio County, Texas. 8-K filing dated October 24, 2008.
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10.5	2001 Incentive Stock Option Plan (exhibit 99.1). S-8 filing dated October 3, 2003.
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14.1	Code of Ethics. 10-K filing dated April 14, 2009.
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31.1* Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).*

32.1* Certification by the Chief Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

*Filed here within.

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SIGNATURES

Pursuant to the requirements of Sections 13 or 15 (d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 15th day of November, 2010.

Entheos Technologies, Inc.
(Registrant)

Date	Signature	Title
November 15, 2010	/s/ Antonino Cacace Antonino Cacace	President, Chief Executive Officer, Chief Financial Officer and Director