

VISTEON CORP
Form 10-K405
March 29, 2002

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

FORM 10-K

(Mark One)

X

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

For the fiscal year ended December 31, 2001, or

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

For the transition period from _____ to _____

Commission file number 1-15827

VISTEON CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State of incorporation)

5500 Auto Club Drive, Dearborn, Michigan
(Address or principal executive offices)

38-3519512
(I.R.S. employer
identification no.)
48126
(Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	New York Stock Exchange
7.95% Notes due August 1, 2005	Luxembourg Stock Exchange
8.25% Notes due August 1, 2010	Luxembourg Stock Exchange

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

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subject to such filing requirements for the past 90 days.

Yes ii No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of January 31, 2002, the registrant had outstanding 130,422,724 shares of Common Stock. The aggregate market value of such Common Stock held by non-affiliates of the registrant as of such date was \$1,734,622,229, based on the closing price of the Common Stock on that date (\$13.30 a share) as reported by the New York Stock Exchange.

Document Incorporated by Reference*

Document	Where Incorporated
Proxy Statement	Part III (Items 10, 11, 12 and 13)

* As stated under various Items of this Report, only certain specified portions of such document are incorporated by reference in this Report.

PART I

ITEM 1. BUSINESS

Overview

Visteon Corporation is a leading, global supplier of automotive systems, modules and components. We sell our products primarily to global vehicle manufacturers, and also sell to the worldwide aftermarket for replacement and vehicle appearance enhancement parts. We operate in two business segments: Automotive Operations and Glass Operations.

Our world headquarters is located in Dearborn, Michigan. We also maintain regional headquarters in Cologne, Germany, Yokohama, Japan and Sao Paulo, Brazil. We maintain technical facilities/sales offices and plants in 25 countries throughout the world.

Ford Motor Company established Visteon as a wholly-owned subsidiary in January 2000, and subsequently transferred to Visteon the assets and liabilities comprising Ford's automotive components and systems business. Ford completed its spin-off of Visteon on June 28, 2000. Visteon is a Delaware corporation, incorporated on January 5, 2000.

Business Segments

Business segment financial information can be found on pages 48-49 of this Annual Report on Form 10-K (Note 15, Segment Information, of our Consolidated Financial Statements).

Automotive Operations

Visteon is a leading, global supplier of automotive climate control, interior/exterior, energy transformation, chassis and telematics/multimedia systems, modules and components. Products manufactured by Visteon include heating, ventilation and air conditioning components and systems; powertrain cooling components and systems; electrical conversion, fuel storage and delivery products (such as electronic engine controls, alternators, starters and fuel tanks); steering and chassis products; cockpit modules, seating, interior trim and lighting; bumpers; fascias; and in-vehicle entertainment, driver information, navigation, wireless communication and safety and security electronics.

Glass Operations

Our Glass Operations segment is composed of our vehicle glazing product group, which produces glass products for Ford and aftermarket customers, and our commercial glass product group, which produces float glass for commercial architecture. The Glass Operations segment is divided into two product groups: vehicle glazing and commercial glass.

Customers

Visteon sells its products primarily to global vehicle manufacturers. In addition, we sell products for use as aftermarket and service parts to automotive original equipment manufacturers and others for resale through their own independent distribution networks.

Vehicle Manufacturers

Visteon does business with all of the world's largest vehicle manufacturers. Ford is our largest customer. In 2001, our sales to Ford accounted for about 82% of our total sales. Our top five customers other than Ford accounted for 7% of our total 2001 sales. Mazda Motor Corporation, of which Ford owns a 33.4% equity interest, is one of our top five non-Ford customers, accounting for 1% of our 2001 sales. In 2001, more than 75% of the net new business wins were received from non-Ford customers.

ITEM 1. BUSINESS (Continued)

Most of our products are sold under purchase agreements that require us to provide price reductions each year. In turn, Visteon has an aggressive cost reduction program that focuses on reducing total costs. These cost reductions are expected to offset customer price reductions.

Aftermarket

We sell products to the worldwide aftermarket as replacement parts or as customized products, such as body appearance packages and in-car entertainment systems, for current production and older vehicles. In 2001, our aftermarket sales were \$898 million, representing 5% of our total sales. We currently sell 51% of these products to the independent aftermarket and 49% to Ford's Automotive Consumer Service Group, the principal aftermarket sales organization of Ford. In 2001, aftermarket sales of our glass products were \$177 million, representing less than 1% of our total sales and about 20% of our total aftermarket sales.

Competition

The principal competitors of our Automotive Operations segment include American Axle & Manufacturing Holdings, Inc., Robert Bosch GmbH, Dana Corporation, Delphi Automotive Systems Corporation, Denso Corporation, Johnson Controls, Inc., Lear Corporation, Magna International, Inc., Siemens AG, TRW Inc. and Valéo S.A. The principal competitors of our Glass Operations segment include Asahi Glass Company Limited, AFG Industries, Inc., Pilkington Plc. and PPG Industries, Inc. Some of these competitors have lower wage and benefit levels than Visteon.

International

Financial information about sales and net property by major geographic area can be found on page 50 of this Annual Report on Form 10-K (Note 15, Segment Information, of our Consolidated Financial Statements).

Seasonality

Our business is moderately seasonal because our largest North American customers typically halt operations for about two weeks in July and about one week in December. In addition, third quarter automotive production traditionally is lower as new models enter production. Accordingly, our third and fourth quarter results may reflect these trends.

Product Research and Development

Visteon's research and development efforts are intended to maintain our leadership position in the industry and provide us with a competitive edge as we seek additional business with new and existing customers. Total research and development expenditures were \$1.1 billion in 2001, \$1.2 billion in 2000 and \$1.1 billion in 1999. Realigned resources have focused on growth businesses, discontinuing work on products where revenues and margins are not in line with investments.

Raw Materials

Raw materials used by Visteon in the manufacture of our products primarily include steel, aluminum, resins, precious metals and urethane chemicals. All of the materials used are generally readily available from numerous sources except precious metals. Precious metals (for catalytic converter production) are purchased from Ford suppliers on a directed basis, and Ford assumes the risk of assuring supply and accepts all market price risk. We do not anticipate significant interruption in the supply of raw materials that would have a material impact on our business.

ITEM 1. BUSINESS (Continued)

Workforce

Visteon's workforce as of December 31, 2001, included approximately 79,000 persons, of whom approximately 17,000 were salaried and 62,000 were hourly. Of the hourly workforce, approximately 23,000 are covered under the Ford UAW Master Collective Bargaining Agreement but have been assigned to work for Visteon. Under an agreement between Ford and Visteon, we have agreed to reimburse Ford for the cost of the Visteon-assigned Ford-UAW hourly employees working in our facilities. This includes amounts (limited to \$50 million per year in each of 2000-2004) for profit sharing, which may be based in whole or in part on Ford's profits. No profit sharing expense was recognized in 2001; the full \$50 million was recognized in 2000. The present Ford UAW agreement expires in September 2003.

In Europe, all Ford employees (both hourly and salaried) working in Visteon facilities at the time of the spin-off from Ford became Visteon employees. Visteon has agreed that, during their employment and retirement, Visteon will provide these employees with wages, benefits and other terms of employment that closely reflect those required to be provided by Ford to its employees in the respective countries. Visteon's national agreement with the British trade unions expires in November 2002. Its national agreement with the German trade unions expired in February 2002, and negotiations with the German trade unions are in process.

Intellectual Property

Visteon owns significant intellectual property, including a large number of patents, copyrights and trade secrets, and is involved in numerous licensing arrangements. Although the company's intellectual property plays an important role in maintaining its competitive position in a number of the markets it serves, no single patent, copyright, trade secret or license, or group of related patents, copyrights, trade secrets or licenses, is, in the opinion of management, of such value to Visteon that its business would be materially affected by the expiration or termination thereof. The company's general policy is to apply for patents on an ongoing basis in the United States and appropriate other countries on its significant patentable developments.

Visteon also views its name and mark as significant to its business as a whole. In addition, the company owns a number of other trade names and marks applicable to certain of its businesses and products that it views as important to such businesses and products.

Environmental Matters

Visteon is subject to the requirements of federal, state, local and foreign environmental and occupational safety and health laws and regulations. These include laws regulating air emissions, water discharge and waste management. Visteon is also subject to environmental laws requiring the investigation and cleanup of environmental contamination at properties it presently owns or operates and at third party disposal or treatment facilities to which these sites sent or arranged to send hazardous wastes. Further, in connection with our spin-off from Ford, Visteon and Ford have generally agreed that we are liable for all future claims relating to the sites that have been transferred to us and our operation of those sites, including off-site disposal. Visteon and Ford have also agreed on a division of liability for, and responsibility for management and remediation of, existing environmental claims.

We are aware of contamination at some of our properties and have agreed to an allocation of liability at various third party superfund sites at which Ford has been named as a potentially responsible party. We are in various stages of investigation and cleanup at these sites. At December 31, 2001, Visteon had recorded a reserve of \$10.3 million for this environmental investigation and cleanup.

ITEM 2. PROPERTIES

Our principal executive offices are located in Dearborn, Michigan. We occupy this facility, as well as a number of other facilities, under arrangements with Ford.

We also maintain regional headquarters in Cologne, Germany, in Yokohama, Japan and in Sao Paulo, Brazil. We maintain 66 technical facilities/sales offices and 117 owned and leased plants in 25 countries throughout the world. The following table shows the total square footage of our principal owned and leased manufacturing facilities by region as of December 31, 2001:

Region	Number of Manufacturing Sites	Total Manufacturing Sites Square Footage
		(in millions)
North America	50	29.8
Europe	41	10.3
South America	7	0.9
Asia-Pacific	19	4.3
	—	—
Total	117	45.3
	—	—

Our Automotive Operations segment operates in 112 manufacturing facilities throughout the world, of which 67 are outside of North America and five are non-unionized. Our Glass Operations segment operates in five manufacturing facilities in North America and two are non-unionized.

In some locations, we have combined a manufacturing facility, technical center and/or customer service center and sales office at a single multi-purpose site. The following table shows the number of various types of facilities by region as of December 31, 2001:

Region	Manufacturing Sites	Technical Centers	Customer Centers and Sales Offices
North America	50	23	5
Europe	41	11	14
South America	7	—	1
Asia-Pacific	19	7	5
	—	—	—
Total	117	41	25
	—	—	—

We believe that our facilities are suitable and adequate, and have sufficient productive capacity, to meet our present and anticipated needs.

ITEM 3. LEGAL PROCEEDINGS

We are involved in routine litigation incidental to the conduct of our business. We do not believe that any litigation to which we are currently a party would, if determined adversely to us, have a material adverse effect on our financial condition, results of operations or cash flows, although such an outcome is possible.

ITEM 3. LEGAL PROCEEDINGS (Continued)

In connection with our spin-off from Ford, Ford has retained liability for all product liability, warranty or recall claims that involve parts made or sold by us for 1996 or earlier model year Ford vehicles. Visteon is responsible for these types of claims relating to 1997 or later model year Ford vehicles, subject to Ford's global terms and conditions, with the understanding that we will be treated by Ford as any other third party supplier, and in accordance with Ford's customary treatment of other suppliers. We have assumed liability for all product liability, warranty or recall claims relating to parts made by us and delivered to third parties other than Ford at any time.

Visteon has been working with Ford to resolve a number of outstanding commercial issues. Visteon's supply agreement and related pricing letter with Ford Motor Company require Visteon to provide Ford with productivity price adjustments for 2001, 2002 and 2003. In March 2002, Visteon and Ford reached an agreement resolving North American pricing for 2001 that is consistent with Visteon's previously established reserves. The agreement also included a consensus on the productivity price adjustment for 2002 calendar year as well as agreement that the companies will negotiate all future year price adjustments in a manner consistent with that followed by other Tier One suppliers. There remains a difference of opinion between Visteon and Ford under the supply agreement and related pricing letter with respect to the pricing and sourcing of products supplied to Ford of Europe. The amount in dispute in this regard for 2001 is approximately \$50 million before taxes, representing a unilateral reduction in prices assessed by Ford of Europe. Visteon and Ford are continuing settlement discussions regarding this matter, have recently participated in a mediation process, and are intending to proceed with arbitration of this issue if the parties cannot reach agreement, as specified in the supply agreement.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 4A. EXECUTIVE OFFICERS OF VISTEON

The following table shows information about the directors, director nominees and executive officers of our company. All ages are as of March 1, 2002:

Name	Age	Position
Peter J. Pestillo	63	Chairman of the Board and Chief Executive Officer
Michael F. Johnston	54	President and Chief Operating Officer
Daniel R. Coulson	58	Executive Vice President and Chief Financial Officer
James C. Orchard	51	Executive Vice President and President, North America and Asia
Stacy L. Fox	48	Senior Vice President, General Counsel and Secretary
Robert H. Marcin	56	Senior Vice President of Human Resources
Susan F. Skerker	57	Senior Vice President of Business Strategy and Corporate Relations

Peter J. Pestillo has been the company's Chairman of the Board and Chief Executive Officer since the company's formation in January 2000. Before that, Mr. Pestillo had been the Vice Chairman and Chief of Staff of Ford, and previously Ford's Executive Vice President, Corporate Relations. Mr. Pestillo had been, prior to the Visteon spin-off in June 2000, a Ford employee since 1980. Mr. Pestillo is also a director of Rouge Industries, Inc. and Sentry Insurance.

ITEM 4A. EXECUTIVE OFFICERS OF VISTEON (Continued)

Michael F. Johnston has been the company's President and Chief Operating Officer since September 2000. Before that, Mr. Johnston had been President, e-business for Johnson Controls, Inc., and previously President-North America and Asia of Johnson Control's Automotive Systems Group, and President of its automotive interior systems and battery operations. Mr. Johnston is also a director of Flowserve Corporation.

Daniel R. Coulson has been Executive Vice President and Chief Financial Officer of the company since the company's formation in January 2000. Before that, he was Ford's Director of Accounting. Mr. Coulson had been, prior to the Visteon spin-off in June 2000, a Ford employee since 1965.

James C. Orchard has been Executive Vice President and President, North America and Asia of the company since August 2001. Before that, Mr. Orchard had been Chief Executive Officer, ZF Group North America and South America, and a member of the ZF Board of Management.

Stacy L. Fox has been Senior Vice President, General Counsel and Secretary of the company since the company's formation in January 2000. Before that, she was Group Vice President and General Counsel of the Automotive Systems Group of Johnson Controls, Inc.

Robert H. Marcin has been the company's Senior Vice President of Human Resources since the company's formation in January 2000. Before that, he was Executive Director - Labor Affairs for Ford and Ford's Director, U.S. Union Affairs. Mr. Marcin had been, prior to the Visteon spin-off in June 2000, an employee of Ford or its subsidiaries since 1973.

Susan F. Skerker has been the company's Senior Vice President of Business Strategy and Corporate Relations since the company's formation in January 2000. Before that, she was Senior Director, Global Public Policy for Ford. Ms. Skerker had been, prior to the Visteon spin-off in June 2000, a Ford employee since 1973.

PART II

ITEM 5. MARKET FOR VISTEON'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock is listed on the New York Stock Exchange in the United States under the symbol VC. As of January 31, 2002, Visteon had 130,422,724 shares of its common stock \$1.00 par value outstanding, which were owned by 131,834 stockholders of record. The table below shows the high and low sales prices for our Common Stock as reported by the New York Stock Exchange, and the dividends we paid per share of Common Stock for each quarterly period since the Visteon spin-off in June 2000.

	2000		2001			
	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Common Stock price per share						
High	\$ 19.25	\$ 17.94	\$ 15.95	\$ 19.52	\$ 21.72	\$ 15.34
Low	\$ 12.00	\$ 9.75	\$ 11.63	\$ 14.27	\$ 10.45	\$ 11.72
Dividends per share of Common Stock	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data as of December 31, 2001 and 2000, and for periods subsequent to our spin-off from Ford, reflect our financial condition, results of operations and cash flows. Selected consolidated financial data for the periods prior to our spin-off reflect the historical financial condition, results of operations and cash flows of the businesses that were considered part of the Visteon business of Ford during each respective period. The historical consolidated statement of income data set forth below for periods prior to our spin-off do not reflect many significant changes that occurred in the operations and funding of our company as a result of our spin-off from Ford.

The selected consolidated financial data should be read in conjunction with, and are qualified by reference to, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and accompanying notes included elsewhere in this report. The consolidated statement of income, cash flow and balance sheet data, set forth below, have been derived from our audited financial statements.

The following financial information may not reflect what our results of operations, financial condition and cash flows would have been had we operated as a separate, stand-alone entity during the periods presented or what our results of operations, financial condition and cash flows will be in the future.

ITEM 6. SELECTED FINANCIAL DATA (Continued)

	Year Ended December 31,				
	2001	2000	1999	1998	1997
(in millions, except per share amounts and percentages)					
Statement of Income Data:					
Sales:					
Ford and affiliates	\$ 14,656	\$ 16,448	\$ 17,105	\$ 16,350	\$ 16,003
Other customers	3,187	3,019	2,261	1,412	1,217
Total sales	17,843	19,467	19,366	17,762	17,220
Costs and expenses:					
Costs of sales	17,148	18,025	17,503	15,969	15,794
Selling, administrative and other expenses	812	781	674	659	575
Asset impairment charge		220			
Total costs and expenses	17,960	19,026	18,177	16,628	16,369
Operating income (loss)	(117)	441	1,189	1,134	851
Interest income	55	109	79	38	17
Interest expense	131	167	143	82	82
Net interest expense	(76)	(58)	(64)	(44)	(65)
Equity in net income of affiliated companies	24	56	47	26	29
Income (loss) before income taxes	(169)	439	1,172	1,116	815
Provision (benefit) for income taxes	(72)	143	422	416	305
Income (loss) before minority interests	(97)	296	750	700	510
Minority interests in net income (loss) of subsidiaries	21	26	15	(3)	(1)
Net income (loss)	\$ (118)	\$ 270	\$ 735	\$ 703	\$ 511
Basic and diluted earnings (loss) per share (based on 130,000,000 shares outstanding for periods prior to our spin-off)					
	\$ (0.91)	\$ 2.08	\$ 5.65	\$ 5.41	\$ 3.93
Cash dividends declared per share	\$ 0.24	\$ 0.12			
Statement of Cash Flows Data:					
Cash provided by (used in) operating activities	\$ 436	\$ (526)	\$ 2,482	\$ 1,376	\$ 1,411
Cash (used in) investing activities	(743)	(842)	(1,453)	(940)	(943)
Cash (used in) provided by financing activities	(75)	924	290	(234)	(251)
Other Financial Data:					
Depreciation and amortization	\$ 666	\$ 676	\$ 651	\$ 565	\$ 590
EBITDA, as defined	741	1,337	1,840	1,699	1,441
Capital spending	752	793	876	861	917
After tax return on:					
Sales	(0.5)%	1.5%	3.9%	3.9%	3.0%
Average assets	(0.9)%	2.5%	6.9%	7.8%	6.3%

At December 31,

2001	2000	1999	1998	1997
(in millions)				

Balance Sheet Data:

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Total assets	\$ 11,078	\$ 11,325	\$ 12,449	\$ 9,373	\$ 8,471
Total debt	1,922	2,019	2,319	1,125	1,136
Total equity	3,291	3,505	1,499	1,655	1,204

EBITDA is defined as income before interest expense and interest income, provision for income taxes, depreciation and amortization, asset impairment charges, equity in net income of affiliated companies and minority interests. In addition, EBITDA for 2001 excludes costs related to restructuring actions of \$192 million. EBITDA is not presented as an alternative measure of operating results or cash flow from operations, as determined in accordance with generally accepted accounting principles, but is presented because we believe it is a widely accepted indicator of our ability to incur and service debt. EBITDA does not give effect to cash used for debt service requirements and thus does not reflect funds available for dividends, reinvestment or other discretionary uses. In addition, EBITDA as presented may not be comparable to similarly titled measures reported by other companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section summarizes significant factors affecting the company's consolidated operating results, financial condition and liquidity for the three-year period ended December 31, 2001. This section should be read in conjunction with the company's Consolidated Financial Statements and related notes appearing elsewhere in this report.

Overview

Visteon Corporation (Visteon) is a leading, global supplier of automotive systems, modules and components. We sell our products primarily to global vehicle manufacturers, and also to the worldwide aftermarket for replacement and vehicle appearance enhancement parts. We operate in two business segments: Automotive Operations and Glass Operations.

Our world headquarters is located in Dearborn, Michigan. We also maintain regional headquarters in Cologne, Germany, Yokohama, Japan and Sao Paulo, Brazil. We maintain technical facilities/sales offices and plants in 25 countries throughout the world.

Ford Motor Company (Ford) established Visteon as a wholly-owned subsidiary in January 2000, and subsequently transferred to Visteon the assets and liabilities comprising Ford's automotive components and systems business. Ford completed its spin-off of Visteon on June 28, 2000.

Visteon's worldwide sales in 2001 were \$17.8 billion, down \$1.6 billion or 8% compared with 2000. For the full year 2001, Visteon reported a loss of \$118 million. Comparatively, Visteon reported net income in 2000 of \$270 million. During 2001, Visteon initiated restructuring actions that resulted in after-tax charges of \$121 million. Excluding these charges, net income for the full year 2001 was \$3 million. Net income for 2000 includes a non-cash impairment write-down of \$138 million after taxes related to its Glass Operations. Excluding this impairment charge, net income for the full year 2000 was \$408 million.

Ford's North American production was down in each quarter in 2001 compared with the prior year, and down 15% for the full year. Sales to Ford were down \$1.8 billion or 11% during the year. Non-Ford revenue increased to \$3.2 billion in 2001, up \$0.2 billion or 6% compared with 2000. Non-Ford revenue represented 18% of total Visteon revenue, an increase of 2 percentage points over 2000.

Despite lower volume and tough industry conditions, Visteon maintained its solid financial position. At December 31, 2001, Visteon had cash and marketable securities of about \$1.2 billion and a ratio of debt-to-total capital of 37%.

Visteon also continued to show strong growth in new business wins in 2001. Net new business wins in 2001 were \$1.5 billion, of which more than 75% were with customers other than Ford and 40% were with customers outside North America.

To mitigate the effect of lower customer production volume and to contribute to improved margins in the future, Visteon continued its strong record of cost reductions and announced new plans to consolidate its supply base. During the year, Visteon also reduced its UAW workforce by 1,133 employees exclusive of any restructuring actions. Combined with workforce reductions discussed below in restructuring actions, Visteon achieved a total reduction of its workforce covered under the Ford UAW Master Collective Bargaining Agreement of 5.7% during the year.

To improve Visteon's customer focus and reduce costs, Visteon initiated restructuring actions in conjunction with the implementation of a new corporate structure and actions involving the Nashville Glass plant. As a result of these actions, Visteon eliminated more than 2,000 salaried positions and achieved the voluntary separation of 245 UAW employees. Visteon also announced closure of two European facilities and consolidation of the work to other Visteon

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

facilities. As a result of Visteon's restructuring actions, Visteon recorded restructuring charges totaling \$192 million before taxes (\$121 million after taxes) in 2001. At year-end 2001, substantially all the actions have been implemented with the remaining restructuring reserve balance of about \$23 million expected to be paid in 2002. We expect an average payback of a little more than a year for restructuring charges incurred in 2001.

The table below summarizes the restructuring charges, after-tax, recorded in 2001:

	<u>Automotive Operations</u>	<u>Glass Operations</u>	<u>Total Visteon</u>
	(in millions)		
Second quarter 2001			
Salaried restructuring	\$(83)	\$ (9)	\$ (92)
European plant consolidations	(7)		(7)
Other		(1)	(1)
	<u>—</u>	<u>—</u>	<u>—</u>
Total second quarter 2001	\$(90)	\$(10)	\$(100)
Third quarter 2001			
Glass restructuring charges		(21)	(21)
	<u>—</u>	<u>—</u>	<u>—</u>
Total 2001 special charges	\$(90)	\$(31)	\$