VISTEON CORP
Form DEF 14A
April 09, 2002

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SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary proxy statement

Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2).

Definitive proxy statement.

Definitive additional materials.

Soliciting material pursuant to §240.14a-12.

Visteon Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(3) Filing Party:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE:	WEDNESDAY, MAY 8, 2002
TIME:	10:00 AM EASTERN DAYLIGHT TIME
LOCATION:	THE COPLEY THEATRE 225 CLARENDON STREET BOSTON, MASSACHUSETTS USA

To Visteon Stockholders,

We invite you to attend our 2002 Annual Meeting of Stockholders at the Copley Theatre. At this meeting, you and the other stockholders will be able to vote on the following proposals, together with any other business that may properly come before the meeting:

1. *Elect two directors to three-year terms on the Board of Directors.* The Board has nominated for re-election William H. Gray, III and Robert H. Jenkins, both current directors.

2. *Ratify the Board s appointment of PricewaterhouseCoopers LLP as the company s independent auditors for fiscal year 2002.* PricewaterhouseCoopers served in this same capacity in fiscal 2001.

3. *A stockholder proposal relating to the adoption of a stockholder rights plan.*

4. *A stockholder proposal relating to the adoption of a code for the company s international operations.*

You may vote on these proposals in person or by proxy. If you cannot attend the meeting, we urge you to vote by proxy, so that your shares will be represented and voted at the meeting in accordance with your instructions. (See the attached proxy statement for details on voting by proxy.) Of course, if you attend the meeting, you may withdraw your proxy and vote your shares. Only stockholders of record at the close of business on March 15, 2002, will be entitled to vote at the meeting or any adjournment thereof.

By order of the Board of Directors

STACY L. FOX
Secretary

Dearborn, Michigan
April 9, 2002

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VISTEON CORPORATION

5500 Auto Club Drive
Dearborn, Michigan 48126

PROXY STATEMENT

April 9, 2002

INTRODUCTION

The Board of Directors is soliciting your proxy to encourage your participation in the voting at the Annual Meeting. You are invited to attend the Annual Meeting and vote your shares directly. However, even if you do not attend, you may vote by proxy, which allows you to direct another person to vote your shares at the meeting on your behalf.

This Proxy Solicitation

There are two parts to this solicitation: the proxy card and this proxy statement. The proxy card is a means by which you may actually authorize another person to vote your shares in accordance with your instructions. As described in Voting (page 4), we have provided you additional methods for voting by proxy that do not require you to use the proxy card.

This proxy statement provides you with a variety of information on the proposals and other matters that you may find useful in determining how to vote. It is divided into four sections following this Introduction:

We have supplemented these sections with tables and other information, all of which appear in the appendices, beginning on page 15. For your reference, a table showing the performance of the company s stock since the initial public offering in June 2000 is included in Appendix A.

The company will pay for soliciting these proxies. The company s directors, officers and employees may solicit proxies in person or by telephone, mail, e-mail, telecopy, telegraph or letter. The company has also retained Georgeson Shareholder Communication, Inc. to assist in distributing proxy solicitation materials and soliciting proxies at a cost of approximately $10,000, plus reasonable out-of-pocket expenses. The company will reimburse brokers and other nominees for their reasonable out-of-pocket expenses for forwarding proxy materials to beneficial owners.

The Annual Meeting

As shown in the Notice of Annual Meeting, the Annual Meeting will be held on Wednesday, May 8, 2002, at the Copley Theatre in Boston, Massachusetts. The company s bylaws require that a majority of the company s common stock be represented at the Annual Meeting, whether in person or by proxy, in order to transact business. Abstentions and broker non-votes will be counted in determining whether or not there is a quorum at the Annual Meeting. Abstentions will also be counted when tabulating the votes cast on the proposals (other than the election of directors), but broker non-votes will not be counted.

Representatives of PricewaterhouseCoopers LLP, the company s independent auditors, are expected to be present at the Annual Meeting. They will have the opportunity to make a statement at the meeting if they desire to do so and are expected to be available to respond to appropriate questions.

The company must receive stockholder proposals for the 2003 Annual Stockholders Meeting at its principal executive offices by November 25, 2002.

Stockholders

On March 1, 2002, the company had issued and outstanding 130,819,186 shares of common stock and there were approximately 132,000 stockholders of record. Based on the latest information provided to the company, Mellon Financial Corporation, One Mellon Center, Pittsburgh, Pennsylvania, beneficially owns 8,302,733 (6.36%) shares of the company s outstanding common stock.

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VOTING

You are entitled to one vote at the Annual Meeting for each share of the company s common stock that you owned of record at the close of business on March 15, 2002.

How to Vote Your Shares

You may vote your shares at the Annual Meeting in person or by proxy. To vote in person, you must attend the Annual Meeting, and obtain and submit a ballot, which will be provided at the meeting. To vote by proxy, you must do one of the following:

- Complete and mail the enclosed proxy card.
- Call the toll-free telephone number listed on the enclosed proxy card and follow the instructions.
- Visit the website listed on the enclosed proxy card and follow the instructions.

By completing and submitting your proxy by any one of these means, you will direct the designated persons (known as proxies) to vote your shares at the Annual Meeting in accordance with your instructions. The Board has appointed Daniel R. Coulson and Stacy L. Fox to serve as the proxies for the Annual Meeting.

Your proxy will be valid only if it is received before the polls are closed at the Annual Meeting. If you do not provide voting instructions with your proxy, then the designated proxies will vote your shares for the election of the nominated directors, for the ratification of the company s independent auditors and against the shareholder proposals presented. If any nominee for election to the Board is unable to serve, which is not anticipated, or if any other matters properly come before the meeting, then the designated proxies will vote your shares in accordance with their best judgment.

Regardless of how you submit your proxy, you may revoke your proxy at any time *before it is exercised* by any of the following means:

- Notifying the company s Secretary in writing.
- Submitting a later dated proxy by mail, toll-free number or the Internet.
- Attending the Annual Meeting and voting. Your attendance at the Annual Meeting will not by itself revoke a proxy; you must vote your shares.

How to Vote under 401(k) Plans

If you are a company employee participating in any of the company s 401(k) plans, then you may be receiving this material because of shares held for you in the plan. In that case, you may use the enclosed proxy card to instruct the plan trustees how to vote those shares. The trustees will vote the shares in accordance with your instructions and the terms of the plan.

The plan trustees may vote the shares held for you even if you do not direct them how to vote. The trustees will vote any shares for which they do not receive instructions in the same proportion as they vote the shares for which they receive instructions.

Where to Find Voting Results

The company will publish the voting results in its Form 10-Q for the second quarter of 2002, which we plan to file with the Securities and Exchange Commission in July 2002. You will also find the results in the investor information section of the company s website (www.visteon.com/investors).

Annual Report and Other Matters

A list of the stockholders of record entitled to vote at the annual meeting will be available for review by any stockholder, for any purpose related to the meeting, between 9:00 a.m. and 5:00 p.m. at the company s offices located at 275 Grove Street, 4th Floor, Newton, Massachusetts, 02466, for ten days before the meeting.

Visteon s 2001 Annual Report, including consolidated financial statements, is being mailed to you with this proxy. Stockholders may obtain, at no charge, a copy of our Annual Report on Form 10-K for the year ended December 31, 2001, by contacting our Shareholder Relations department in writing at 5500 Auto Club Drive, Dearborn, MI 48126; by phone (877) 367-6092; or via email at vcstock@visteon.com.

The Securities and Exchange Commission recently approved a new rule concerning the delivery of annual disclosure documents. The rule allows us to send a single set of our annual report and proxy statement to any household at which two or more shareholders reside if we believe the shareholders are members of the same family. This

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rule benefits both you and Visteon. It reduces the volume of duplicate information received at your household and helps to reduce Visteon s expenses. The rule applies to company s annual reports, proxy statements or information statements. Each shareholder will continue to receive a separate proxy card or voting instruction card.

If your household received a single set of disclosure documents for this year, but you would prefer to receive your own copy, please contact our transfer agent, EquiServe Trust Company, N.A., by calling their toll free number, (877) 881-5962.

If you would like to receive your own set of Visteon s annual disclosure documents in future years, follow the instructions described below. Similarly, if you share an address with another Visteon shareholder and together both of you would like to receive only a single set of Visteon s annual disclosure documents, follow these instructions:

If your Visteon shares are registered in your own name, please contact our transfer agent, EquiServe Trust Company, N.A., and inform them of your request by calling them at (877) 881-5962 or writing to them at Visteon Shareholder Services, c/o EquiServe, P.O. Box 2747, Jersey City, NJ 07303-2747.

If a broker or other nominee holds your Visteon shares, please contact ADP and inform them of your request by calling them at (888) 603-5847 or writing to them at Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Be sure to include your name, the name of your brokerage firm and your account number.

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PROPOSALS

The Board has nominated two current directors William H. Gray, III and Robert H. Jenkins for new, three-year terms and recommends that you vote for their re-election. The Board has approved PricewaterhouseCoopers LLP as the company s independent auditors for fiscal year 2002 and recommends that you ratify the Board s selection. Two shareholder proposals were submitted for consideration at the meeting and the Board recommends that you vote against them.

Election of Directors

The first proposal on the agenda for the Annual Meeting will be electing two directors to serve as Class II directors for a three-year term beginning at this Annual Meeting and expiring at the 2005 Annual Stockholders Meeting. (For a description of the three classes of directors, see the Board of Directors section beginning on page 9.) The nominees receiving the greatest number of votes cast will be elected.

The Board of Directors has nominated William H. Gray, III and Robert H. Jenkins for re-election as Class II directors. The following is a brief biography of each nominee. You will find information on their holdings of the company s stock in Appendix B.

William H. Gray, III is 60 years old. He has been a director of the company since June 2000, and his current term as a Class II director expires in 2002. Mr. Gray is President and Chief Executive Officer of the United Negro College Fund and serves as a director of The Chase Manhattan Corporation, Dell Computer Corporation, Electronic Data Systems Corporation, ezgov.com, MBIA, Inc., Pfizer, Inc., The Prudential Insurance Company of America, Rockwell International Corporation and Viacom, Inc.

Robert H. Jenkins is 59 years old. He has been a director of the company since June 2000, and his current term as a Class II director expires in 2002. Mr. Jenkins is the former Chairman of the Board and Chief Executive Officer of Sundstrand Corporation. Mr. Jenkins is also a member of the Board of Directors of AK Steel Holdings Corporation, Clarcor, Inc., Jason Incorporated, Pella Corporation, Sentry Insurance and Solutia, Inc.

The Board of Directors recommends that you vote FOR the election of William H. Gray, III and Robert H. Jenkins.

Approval of Independent Auditors

The next proposal on the agenda for the Annual Meeting will be ratifying the Board s appointment of PricewaterhouseCoopers LLP as the company s independent auditors for fiscal year 2002.

PricewaterhouseCoopers served in this capacity for fiscal year 2001, and has reported on the company s 2001 consolidated financial statements. The Audit Committee recommended to the Board that PricewaterhouseCoopers be reappointed for fiscal year 2002.

The Board of Directors recommends that you vote FOR the ratification of PricewaterhouseCoopers LLP as the company s independent auditors for fiscal year 2002.

Shareholder Proposals

The next proposal on the agenda for the Annual Meeting will be a shareholder proposal relating to the adoption of a stockholder rights plan by the company. In accordance with SEC rules, the text of the shareholder proposal is printed exactly as it was submitted.

> John Chevedden, 2215 Nelson Ave., No. 205, Redondo Beach, Ca., 90278, on behalf of himself and on behalf of the Ray T. Chevedden and Veronica G. Chevedden Family Trust, has given notice that he intends to present for action at the Annual Meeting the following proposal and has furnished the following statement in support of his proposal:
>
> Shareholders request that our Board of Directors seek shareholder approval prior to adopting any poison pill and also redeem or terminate any pill now in effect unless it has been approved by a shareholder vote at the next shareholder meeting.
>
> The poison pill is an important issue for shareholder vote even if our company does not now have a poison pill or plan to adopt a poison pill in the future. Currently, our board

can adopt a poison pill and/or redeem a current poison pill and adopt a new poison pill:

1.) At any time
2.) In a short period of time
3.) Without shareholder approval

Negative Effects of Poison Pills on Shareholder Value

A study by the Securities and Exchange Commission found evidence that the negative effect of poison pills to deter profitable takeover bids outweigh benefits.
Source: Office of the Chief Economist, Securities and Exchange Commission. The Effect of Poison Pills on the Wealth of Target Shareholders, October 23, 1986.

Additional Support for this Proposal Topic

Pills adversely affect shareholder value.
Power and Accountantability
Nell Minow and Robert Monks
Source: *www.thecorporatelibrary.com/power*
The Council on Institutional Investors
www.cti.ord/citcentral/policies.html & www.citi.org recommends shareholder approval of all poison pills.

Institutional Investor Support for Shareholder Vote

Many institutional investors believe poison pills should be voted on by shareholders. A poison pill can insulate management at the expense of shareholders. A poison pill is such a powerful tool that shareholders should be able to vote on whether it is appropriate. We believe a shareholder vote on poison pills will avoid an unbalanced concentration of power in our directors who could focus on narrow interests at the expense of the vast majority of shareholders.

Institutional Investor Support Is High-Caliber Support

This proposal topic has significant institutional support. Shareholder right to vote on poison pill resolutions achieved a 57% average yes-vote from shareholders at 26 major companies in 2000 (Percentage based on yes-no votes).

Institutional investor support is high-caliber support. Institutional investors have the advantage of a specialized staff and resources, long-term focus, fiduciary duty and independent perspective to thoroughly study the issues involved in this proposal topic.

Shareholder Vote Precedent Set by Other Companies

In recent years, various companies have been willing to redeem poison pills or at least allow shareholders to have a meaningful vote on whether a poison pill should remain in force. We believe that our company should do so as well.

68% Vote at Major Company

This proposal topic won 68% of the yes-no vote at the Burlington Northern Santa Fe (BNI) 2001 annual meeting. The text of the BNI proposal, which has further information on poison pills, is available at The Corporate Library website:
www.thecorporatelibrary.com
At this URL page:
http://asp.thecorporatelibrary.net/proposals/ FullText.asp?Company__ ID=10563&Resolution__ ID=515&Proxy__ Season=2001

In the interest of shareholder value vote yes:
SHAREHOLDER VOTE ON POISON PILLS
YES ON 3

The Board of Directors recommends that you vote AGAINST this proposal for the reasons set forth below:

The Board has not adopted a shareholders rights plan. That being said, the Board believes it is important that it retain flexibility to adopt such a plan without having to conduct a shareholder vote if, in the future opinion of the Board, a rights plan is necessary to protect the interest of the shareholders. The Board of Directors has a fiduciary responsibility to act in the best interests of Visteon and its shareholders, and is committed to do so. Consistent with long-standing corporate governance principles, we believe it is essential that the Board maintain its right to oversee the activities of the company in accordance with its experience and sound business judgment. To the extent the Board, in the future and after due and careful consideration, determines that adopting a shareholder rights plan is in the best interest of the company and its shareholders, it is duty bound to so act. While the Board has not adopted a rights plan, there is compelling evidence that such plans are an effective tool against unfair, imprudent, or abusive takeover attempts. More than 500 public companies have adopted rights plans since 1998, bringing the number of public companies with such plans to a total of approximately 2,300. The theory behind rights plans is that interested acquirors should be obligated to negotiate in good faith with the board for the benefit of all shareholders. Such plans can be effective in minimizing pressure tactics under which shareholders are not treated equally or fairly. Rights plans seek to enable the board to conduct a full assessment of any potential offer, and dispassionately determine whether a sale is in the company s best interest, rather than having sale terms dictated by a third party.

In our view, it is fundamental to corporate governance principles that decisions affecting the strategy and future of the company, including the potential sale of the company, rest with the Board of Directors, which is legally bound by duties of care and loyalty in its management of the company. We believe it is for this very reason that the Delaware Supreme Court has repeatedly validated the use of a stockholder rights plan when it is adopted by a company s board of directors to allow the board of directors to evaluate the best course for its company, and that the vast majority of corporations do not subject their rights plan to stockholder approval.

For these reasons, the Board of Directors recommends that you vote AGAINST this proposal.

The next proposal on the agenda for the Annual Meeting will be a shareholder proposal relating to the adoption of a code for the company s international operations. In accordance with SEC rules, the text of the shareholder proposal is printed exactly as it was submitted.

The Christus Health Fund, 2600 North Loop West, Houston, Texas, 770892, has informed the company that it intends to present for action at the Annual Meeting the following proposal and has furnished the following statement in support of its proposal:

PROPOSAL FOR A GLOBAL SET OF CORPORATE STANDARDS

Whereas, our company, as a global corporation, faces numerous complex problems as the International context within which our company operates is becoming increasingly diverse as we enter the new millennium.

A new poll on corporate social responsibility found that 60% of Americans that own shares say that a company s record on its broader social responsibilities influenced their decision to purchase or sell its shares. Respondents ranked equal and fair treatment of all employees more highly than providing quality products at the lowest possible price as a key expectation of corporate behavior. (Environics International, 2/2001)

Companies are faced with important concerns arising from diverse cultures and political and economic contexts. These concerns require management to address issues that include human rights, workers right to organize and bargain collectively, non-discrimination in the workplace and sustainable community development. Companies should find effective ways to eliminate the use of child labor, forced labor, bribery and harmful environmental practices.

We believe global companies need to implement comprehensive codes of conduct, such as those found in the Principles for Global Responsibility: Bench Marks for Measuring Business Performance, developed by an international group of religious investors. Companies need to formulate policies, programs and practices to address the challenges they face in the global marketplace.

Our company should be in a position to assure shareholders that its employees are treated fairly and paid a sustainable living wage wherever they work in the global economy. One important element of ensuring compliance is the utilization of independent monitors made up of respected local human rights, religious and other non-governmental organizations that know the local culture. A number of global companies are developing credible code enforcement mechanisms that include independent monitoring.

Improving the quality of life for employees and their communities can lead to increased productivity and enhance the bottom line for the company.

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RESOLVED, the shareholders request the Board of Directors to review or amend, where applicable, its code or standards for its international operations and report a summary of this review to shareholders by October 2002.

Supporting Statement

We recommend the review include:

1. A description of policies which are designed to protect human rights civil, political, social, cultural and economic consistent with respect for human dignity and International Labor Organizations core labor standards.

2. A report of efforts to ensure that the company does not employ children under the age of fifteen, or younger than the age of completing compulsory education in the country of manufacture where such age is higher than fifteen.

3. A report of company policies ensuring that there is no use of forced labor, whether in the form of prison labor, indentured labor or bonded labor.

4. Establishment of consistent standards for workers health and safety, practices for handling hazardous wastes and protection of the environment, as well as promoting a fair and dignified quality of life for workers and their communities.

We believe a company needs comprehensive global standards to guide its decisions in order to compete successfully in the 21st Century.

The Board of Directors recommends that you vote AGAINST this proposal for the reasons set forth below:

Following the spin-off from Ford Motor Company, the company implemented a comprehensive ethics and compliance program that directly addresses the issues raised in this proposal, as well as other issues that the company feels are essential to realizing our mission to become the supplier, employer and community citizen of choice.

The cornerstone of the ethics and compliance program is our ethics policy, entitled A Pledge of Integrity , a copy of which is attached as Appendix E to this proxy statement. This policy describes the company s expectations regarding the standards of behavior and conduct of employees and underscores our commitment, at all levels of the organization, to the core values underlying our ethical standards.

The ethics and compliance program includes several elements that ensure our employees thoroughly understand the policy, effectively communicate it throughout the organization, and adhere to it in all of their business dealings. The policy is translated into 9 different languages and is distributed to our employees throughout the world. Senior leadership (approximately 4,000 employees) has been taken through an interactive ethics awareness training session and has, in turn, trained their own organizations. To date, approximately 13,000 employees throughout the world have had the training and certified compliance with the policy by signing a certificate. The policy is also presented to new employees during orientation. Other elements of our ethics and compliance program include a bi-annual update of our Compliance Plan, which identifies additional training for specific groups of employees in ethics areas relevant to the work they perform, bi-annual certification of compliance by the leadership employees, and an appointed Director of Compliance who is responsible for overseeing the program and ensuring Visteon s ethics and compliance activities remain on the leading edge of good corporate governance practices. As part of our overall program, the company also maintains a hotline and encourages employees to report any concerns or failures in compliance. Finally, the company has a compliance committee, supported by the internal audit function, that audits compliance on an on-going basis, investigates potential issues, and provides a summary of its findings to the Audit Committee of the Board of Directors on a regular basis.

As an extension of our ethics program, the company has adopted the Global Sullivan Principles of Corporate Responsibility (the Principles), a code of conduct that provides a framework by which socially responsible companies commit to align their policies toward promoting equal opportunity and development of employees, environmental responsibility and community involvement wherever it conducts business. Through an annual report presented to the Audit Committee, the company describes its activities and compliance within our ethics areas as well as the policies included in the Principles. As part of

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our ethics and compliance training, we will educate management about the company s endorsement of the Principles.

We feel the strength and breadth of our ethics and compliance program, as well as our commitment to the Principles, clearly demonstrates our sincere commitment to the values and principles set forth in our Pledge of Integrity booklet, and to those included in this proposal.

For these reasons, the Board of Directors recommends that you vote AGAINST this proposal.

Other Matters

Neither the company nor its directors intend to bring before the Annual Meeting any matters other than the election of the two directors, the ratification of the company s independent auditors and the consideration of two shareholder proposals. Also, they have no present knowledge that any other matters will be presented by others for action at the meeting.

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BOARD OF DIRECTORS

The Board of Directors consists of seven directors divided into three classes (Class I, Class II and Class III) serving staggered three-year terms. The Class II directors are up for election at the Annual Meeting, and the nominees for election are all currently Class II directors.

Directors Continuing in Office

The Class I and III directors will continue in office following this Annual Meeting, and their terms will expire in 2003 (Class III) or 2004 (Class I). The following are brief biographies of each of these directors. You will find information on their holdings of the company s stock in Appendix B.

Steven K. Hamp is 53 years old. He has been a director of the company since January 2001, and his current term as a Class I director expires in 2004. Mr. Hamp is the President of Henry Ford Museum and Greenfield Village in Dearborn, Michigan.

Kathleen J. Hempel is 51 years old. She has been a director of the company since July 2001, and her current term as a Class I director expires in 2004. Ms. Hempel is the former Vice Chairman and Chief Financial Officer of Fort Howard Corporation. Ms. Hempel is also a member of the Board of Directors of Actuant Corporation, A.O. Smith Corporation, Kennametal Corporation, Oshkosh Truck Corporation and Whirlpool Corporation.

Peter J. Pestillo is 64 years old. Mr. Pestillo is Chairman of the Board and Chief Executive Officer of the company . He has been a director of the company since February 2000, and his current term as a Class III director expires in 2003. Prior to the company s spin-off from Ford, Mr. Pestillo was Vice Chairman and Chief of Staff at Ford Motor Company. Mr. Pestillo is also a director of Rouge Industries, Inc. and Sentry Insurance.

Charles L. Schaffer is 56 years old. He has been a director since January 2001, and his current term as a Class III director expires in 2003. Mr. Schaffer is the former Chief Operating Officer of United Parcel Service, Inc.

Robert M. Teeter is 63 years old. He has been a director of the company since June 2000, and his current term as a Class I director expires in 2004. He is the President of the Coldwater Corporation and serves as a director of Bank of Ann Arbor, Kaydon Corporation and United Parcel Service, Inc.

Meetings and Committees

During 2001, the Board of Directors held eight meetings and took action by written consent twice in lieu of additional meetings. All of the directors attended at least 75% of all meetings of the board and board committees on which they served during 2001.

The Board of Directors has a standing Audit Committee, consisting of Robert M. Teeter (Chairman), Kathleen J. Hempel, Robert H. Jenkins and Charles L. Schaffer, all of whom are considered independent under the rules of the New York Stock Exchange. During 2001, the Audit Committee held seven meetings. The duties of the Audit Committee are generally:

- to recommend to the Board independent auditors to audit annually the company s books and records,
- to review the activities and the reports of the company s independent auditors,
- to review internal controls, accounting practices, financial structure and financial reporting, including the results of the annual audit and review of interim financial statements,
- to review and monitor compliance procedures, and
- to report the results of its review to the Board.

The Audit Committee Report can be found on page 11, and the Audit Committee Charter is included in Appendix D.

The Board also has a standing Organization and Compensation Committee, consisting of Robert H. Jenkins (Chairman), Steven K. Hamp, Charles L. Schaffer and William H. Gray, III. During 2001, the Organization and Compensation Committee held five meetings. The duties of the

Organization and Compensation Committee are generally:

- to review and recommend to the Board of Directors executive compensation and incentive plans,
- to review and recommend to the Board of Directors compensation for outside directors,
- to approve the payment of cash performance bonuses and the granting of stock options to the company s employees, including officers, and
- to review and recommend management development and succession planning.

The Board also has a standing Corporate Governance and Nominating Committee, consisting of Robert M. Teeter (Chairman), William H. Gray, III and Steven K. Hamp. During 2001 the Corporate Governance and Nominating Committee held two meetings. The duties of the Corporate Governance and Nominating Committee are generally:

- to review the performance of the Board as a whole,
- to review and monitor worldwide performance of the company as it affects the environment, employees, communities and customers,
- to develop criteria for board membership, and
- to identify, review and recommend board candidates.

Director Compensation

Directors who are not employees of the company receive directors fees of $40,000 per year plus an additional $10,000 per year for each committee on which they serve. These directors may elect to defer their compensation under the company s Deferred Compensation Plan for Non-Employee Directors, a nonqualified benefit plan, into a unit account. Amounts deferred into the unit account are allocated based on the price of the company s common stock at the time of deferral, and the value of this account is directly related to the performance of the company s common stock. In addition, the company reimburses its directors for expenses, including travel, they incur in connection with attending board and committee meetings.

In 2001, non-employee directors also received a grant of 3,000 shares of restricted common stock under the Visteon Corporation Restricted Stock Plan for Non-Employee Directors. The restrictions expire for one third of the shares each year following the year of the grant.

To further link director and shareholder interests, Visteon has established stock ownership guidelines for non-employee directors. Each non-employee director has a goal to own common stock equal in value to five times the annual directors fee of $40,000 within five years of their appointment as a director.

Section 16(a) Beneficial Ownership Reporting Compliance

There were no late filings during 2001.

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AUDIT COMMITTEE REPORT

The Audit Committee is composed of four independent directors and operates under a written charter adopted by the Board of Directors. (A copy of the Audit Committee Charter is attached as Appendix D.) Visteon management has the primary responsibility for the company s internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the company s consolidated financial statements and issuing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States of America. The Audit Committee monitors these processes and reports to the Board of Directors on its findings.

Audit Fees

PricewaterhouseCoopers LLP served as the company s independent auditors in 2001. Fees billed to the company for services rendered for the audit of the financial statements included in the company s Annual Report on Form 10-K for the year ended December 31, 2001, and the interim reviews of the financial statements included in the company s Quarterly Reports on Form 10-Q during 2001 totaled $2.7 million. These fees included amounts associated with the statutory audits of foreign subsidiaries, as such audits are considered an integral part of the overall audit scope and approach.

Financial Information Systems Design and Implementation Fees

PricewaterhouseCoopers did not render any information technology services to the company during 2001 related to systems that track and generate information significant to the financial statements.

All Other Fees

For the fiscal year 2001, PricewaterhouseCoopers billed the company $5.9 million for all other non-audit services. These non-audit services included tax compliance and advisory support, internal audit staff support, and other consulting services.

Auditor Independence

During the year, the Audit Committee met and held discussions with Visteon management and PricewaterhouseCoopers. The Audit Committee reviewed and discussed with Visteon management and PricewaterhouseCoopers the audited financial statements contained in the company s Annual Report on Form 10-K for the year ended December 31, 2001. The Audit Committee also discussed with PricewaterhouseCoopers the matters required to be discussed under the Statement on Auditing Standards No. 61 (Communications with Audit Committees). Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the company s Annual Report on Form 10-K for the year ended December 31, 2001, and filed with the Securities and Exchange Commission.

PricewaterhouseCoopers submitted to the Audit Committee the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The Audit Committee discussed with PricewaterhouseCoopers the firm s independence and considered whether the provision of non-audit services by PricewaterhouseCoopers to the company is compatible with maintaining the independence of PricewaterhouseCoopers. The Audit Committee concluded that the independence of PricewaterhouseCoopers is not compromised by the provision of such services. To eliminate any perceived independence concerns, however, Visteon management has decided not to use PricewaterhouseCoopers services for internal audit staff support beyond 2002.

Audit Committee

Robert M. Teeter (Chairman)
Kathleen J. Hempel
Robert H. Jenkins
Charles L. Schaffer

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EXECUTIVE COMPENSATION

This section provides summary information regarding the compensation of Peter J. Pestillo, Chairman and Chief Executive Officer; Michael F. Johnston, President and Chief Operating Officer; Robert J. Womac, Executive Vice President; Daniel R. Coulson, Executive Vice President and Chief Financial Officer; and Stacy L. Fox, Senior Vice President, General Counsel and Secretary.

This section also includes a report of the Board s Organization and Compensation Committee (see page 13), which discusses the general compensation principles used by the committee for senior executive officers, as well as the specific factors used to determine the chief executive officer s compensation.

Salary and Bonus

You will find information regarding this group s salaries and bonuses in Appendix C. No annual incentives were paid in 2001.

Stock Options and Restricted Stock

During 2001, these executive officers received restricted stock grants and options to purchase company stock. You will find additional information regarding these restricted stock and option grants in Appendix C.

Other Compensation and Benefits

This group of executive officers receives medical, group life insurance and other benefits (including matching contributions under the company s 401(k) plans) that are available generally to all of the company s salaried employees. They also participate in the company s salaried employees pension plan, which is qualified under Section 401(a) of the U.S. Internal Revenue Code, and receive certain other perquisites. In addition, these executive officers are eligible to defer their bonuses under the company s Deferred Compensation Plan. Amounts deferred into the Visteon stock fund of the plan are allocated based on the price of the company s common stock at the time of deferral, and the value of this account is directly related to the performance of the company s common stock.

You will find additional information regarding the other compensation and benefits in Appendix C.

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ORGANIZATION AND COMPENSATION COMMITTEE

REPORT ON EXECUTIVE COMPENSATION

The Organization and Compensation Committee of the Board of Directors, which is composed entirely of non-employee directors, oversees the company s programs for compensating executive officers and other key management employees and approves the salaries and other incentive awards to senior executives.

Policies and Objectives

Visteon s compensation plans are designed to provide competitive compensation opportunities which align the compensation of its executive officers with its business objectives and the creation of shareholder value through annual and long-term incentives tied to corporate and individual performance as well as the performance of Visteon s common stock. The compensation plans are designed to retain a strong executive team and allow the company to attract talent to the organization.

The Visteon Corporation 2000 Incentive Plan (the Plan) was approved by the shareholders in 2001 and incorporates both annual and long-term incentive components. A major portion of each executive s compensation is intended to derive from incentives.

The company has adopted stock ownership goals for officers at the vice president level and above. The goal for these officers is to own common stock worth a multiple of salary, ranging from one times salary up to seven times salary for the Chief Executive Officer, within three years.

The committee has also considered the company s ability to deduct from taxable income certain performance based compensation under section 162(m) of the Internal Revenue Code. The committee intends that all compensation paid by the company be deductible; however, it reserves the right to pay nondeductible compensation if, in its sole discretion, it deems necessary or desirable.

Program Components

In 2001, executive officers compensation was composed of base salary, an annual bonus opportunity and long-term incentive compensation. For each executive officer, base salary was reviewed in relation to job responsibilities, skills, experience and competitive industry practice. The competitive compensation assessment included a comparison to executive positions in other comparably sized auto supply and technology firms, including Dana Corporation, Delphi Automotive Systems, Inc., Eaton Corporation, Ingersoll-Rand Company, Johnson Controls, Inc., Lear Corporation, Lucent Technologies Inc., Motorola Inc., Textron Inc. and TRW, Inc as well as in general industry. Visteon s compensation plans are targeted to deliver compensation at the median of the competitive market when performance is at expected levels.

The year 2001 was the first full year in which compensation was determined under the Plan. The measures for determining the award of an annual incentive were corporate performance measured through return on assets and profit before tax, and modified for safety and quality. Individual awards are modified by achievement of individual goals in the areas of business results, leadership behavior and development of people. The company did not achieve its goals for 2001 under the Plan. Accordingly, no annual incentives were awarded for 2001.

The long-term incentive opportunity consists of stock options, restricted stock and cash awards earned over a three year performance cycle. The restricted stock and cash awards are dependent on attainment of long-term goals for return on equity and quality over a three year performance period.

A transition plan was implemented for 2001 to facilitate the transition from the former incentive plans which focused primarily on annual performance to a plan with greater emphasis on long-term incentives. To address the significant reduction in annual cash opportunities from the prior plan, interim goals were implemented in the long-term component of the 2000 Incentive Plan. The interim goals were based on the achievement of return on equity and quality targets and provide the opportunity for a pro-rata cash payout during the initial two years of the plan. For 2001, the company achieved the interim quality goal and made a cash payout under the plan.

Chief Executive Officer Compensation

The Chief Executive Officer s compensation for the year 2001 was reviewed in the same manner as the other executive officers, as described above, and consisted of base salary of $1 million which was unchanged from the prior year, a long-term cash award of $176,812, a stock option grant of 164,474 options and a restricted stock grant of 85,911 shares with restrictions lapsing on the third anniversary of the date of grant if certain performance goals are achieved. The Chief Executive Officer also received in 2001 a long-term cash award opportunity of $3 million which can be earned based on the achievement of specified return on equity and quality goals over a three year performance period. No annual incentive award was paid to the Chief Executive Officer for 2001.

Summary

The Committee believes that Visteon s compensation plans support the company s strategic objectives and provide strong alignment of the interests of its executives with these objectives as well as the creation of shareholder value.

By the Organization and Compensation Committee:

Robert H. Jenkins (Chairman)
William H. Gray, III
Steven K. Hamp
Charles L. Schaffer

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APPENDIX A PERFORMANCE GRAPH

The following graph compares the cumulative total return on the company s common stock with the cumulative total return on the S & P 500 Composite Index and a Peer Group Index that Visteon has developed. The Peer Group Index is composed of ArvinMeritor Inc., American Axle & Manufacturing Holdings, Inc., Borg-Warner Automotive, Inc., Dana Corporation, Delphi Automotive Systems Inc., Federal-Mogul Corporation, Johnson Controls, Inc., Lear Corporation, Magna International, Inc., Tenneco Automotive, Inc., Tower Automotive, Inc. and TRW, Inc. The graph assumes an initial investment of $100 and reinvestment of cash dividends. The comparisons in this table are required by the Securities and Exchange Commission and are not intended to forecast or be indicative of possible future performance of the common stock or the referenced indices.

Comparison of Cumulative Total Return

for the Period from June 29, 2000 to December 31, 2001

	6/29/00	12/29/00	12/31/01
Visteon Corporation	$ 100	$ 84.28	$ 111.91
S & P 500 Index	$ 100	$ 92.06	$ 81.11
Peer Group Index	$ 100	$ 76.58	$ 104.19

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APPENDIX B STOCKHOLDINGS

This Appendix B contains stockholding information for the nominees for election as directors, the directors continuing in office, and the company s executive officers.

Ownership of the company s common stock is shown in terms of beneficial ownership. A person generally beneficially owns shares if he has either the right to vote those shares or dispose of them. More than one person may be considered to beneficially own the same shares.

In this proxy statement, unless otherwise noted, a person has sole voting and dispositive power for those shares shown as beneficially owned by him. The percentages shown in this proxy statement compare the person s beneficially owned shares with the total number of shares of the company s common stock outstanding on March 1, 2002 (130,819,186 shares). Directors and executive officers as a group held options exercisable on or within 60 days after March 1, 2002 to buy 16,665 shares of Visteon common stock under stock option plans.

Nominees, Continuing Directors and Executive Officers

The following table contains stockholding information for the nominees for election as directors, the directors continuing in office, and the company s executive officers.

				Common Stock Beneficially Owned	
Name	Age	Positions with Company	Term to Expire	Number	Percent
Nominees for Election as Directors					
William H. Gray, III	60	Director	2002	6,081	*
Robert H. Jenkins	59	Director	2002	6,081	*
Directors Continuing in Office					
Steven K. Hamp	53	Director	2004	25,437	*
Kathleen J. Hempel	51	Director	2003	6,000	*
Peter J. Pestillo	64	Chairman, Chief Executive Officer and Director	2003	502,068	*
Charles L. Schaffer	56	Director	2003	9,406	*
Robert M. Teeter	63	Director	2004	10,302	*
Other Executive Officers					
Michael F. Johnston	54	President and Chief Operating Officer		318,620	*
Robert J. Womac	58	Executive Vice President		80,079	*
Daniel R. Coulson	59	Executive Vice President and Chief Financial Officer		107,890	*
Stacy L. Fox	48	Senior Vice President, General Counsel and Secretary		77,314	*
All Directors and Executive Officers as a Group (14 Persons)				1,352,114	1.03

* under 1%.

Amounts shown include 6,000 restricted shares of common stock issued under the Restricted Stock Plan for Non-Employee Directors to each of the following: William H. Gray, III, Robert H. Jenkins, Steven K. Hamp, Charles L. Schaffer and Robert M. Teeter; and 3,000 shares to Kathleen J. Hempel. For non-employee directors amounts shown include shares of common stock represented by Visteon stock units credited under the Deferred Compensation Plan for Non-Employee Directors. These shares may be deliverable after termination of board service.

Also, included are restricted shares of common stock issued under the Visteon Corporation 2000 Incentive Plan as follows: 460,478 shares for Peter J. Pestillo; 273,551 shares for Michael F. Johnston; 15,035 shares for Robert J. Womac; 105,289 shares for Daniel R. Coulson; and 75,047 shares for Stacy L. Fox. The amount shown for Michael F. Johnston includes 44,817 shares of common stock represented by Visteon stock units credited under a deferred compensation plan and payable following termination of employment.

Steven K. Hamp has reported beneficial ownership of 11,031 shares of common stock owned by his children and Peter J. Pestillo has reported beneficial ownership of 7,837 shares of common stock owned by a family partnership.

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APPENDIX C EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides compensation information since the company s organization in January 2000 for the company s chief executive officer and the four most highly compensated executive officers other than the chief executive officer.

		Annual Compensation		Long-Term Compensation				
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Awards ($)	Securities Underlying Options/SARs	LTIP Payouts ($)	All Other Compensation ($)
Peter J. Pestillo	2001	1,000,000	0	129,600	1,500,000	164,474	176,812	60,000
Chairman and	2000	933,334	1,500,000	31,320	3,417,481	0		55,997
Chief Executive Officer								
Michael F. Johnston	2001	737,500	0	75,644	890,625	97,657&n		