

VISTEON CORP  
Form 10-Q/A  
August 13, 2002

**Table of Contents**

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

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**FORM 10-Q/A**

(Mark One)

X

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

For the quarterly period ended March 31, 2002, or

O

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-15827

**VISTEON CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**5500 Auto Club Drive, Dearborn, Michigan**

(Address of principal executive offices)

**38-3519512**

(I.R.S. Employer  
Identification Number)

**48126**

(Zip Code)

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

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

Yes  No

**Applicable Only to Corporate Issuers:** Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of March 31, 2002, the Registrant had outstanding 130,790,498 shares of Common Stock, par value \$1.00 per share.

**Exhibit index located on page number 12.**

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**TABLE OF CONTENTS**

INTRODUCTORY NOTE

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED BALANCE SHEET

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

SIGNATURE

EXHIBIT INDEX

Letter of PricewaterhouseCoopers LLP

Written Statement of Chief Executive Officer

Written Statement of Chief Financial Officer

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**Table of Contents****VISTEON CORPORATION AND SUBSIDIARIES****INTRODUCTORY NOTE**

For purposes of this Form 10-Q/A, we have amended and revised Part I Item 1 Financial Statements of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002 that was filed on May 1, 2002. This amendment reflects the reissuance of our consolidated financial statements as described further in Note 7 to those consolidated financial statements.

**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****VISTEON CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF INCOME**  
**For the Periods Ended March 31, 2002 and 2001**  
(in millions, except per share amounts)

|   | <b>First Quarter</b> |              |
|---|----------------------|--------------|
|   | <b>2002</b>          | <b>2001</b>  |
|   | <b>(unaudited)</b>   |              |
| <b>Sales</b>  |                      |              |
| Ford and affiliates   | \$ 3,646             | \$ 3,913     |
| Other customers   | 823                  | 810          |
|   | <hr/>                | <hr/>        |
| Total sales   | 4,469                | 4,723        |
| <b>Costs and expenses (Notes 2 and 3)</b>                                       |                      |              |
| Costs of sales  | 4,356                | 4,448        |
| Selling, administrative and other expenses                                      | 202                  | 207          |
|   | <hr/>                | <hr/>        |
| Total costs and expenses  | 4,558                | 4,655        |
| <b>Operating income (loss)</b>  | (89)                 | 68           |
| Interest income   | 6                    | 19           |
| Interest expense  | 29                   | 36           |
|   | <hr/>                | <hr/>        |
| Net interest expense  | (23)                 | (17)         |
| Equity in net income of affiliated companies                                    | 5                    | 4            |
|   | <hr/>                | <hr/>        |
| <b>Income (loss) before income taxes</b>  | (107)                | 55           |
| Provision (benefit) for income taxes  | (40)                 | 19           |
|   | <hr/>                | <hr/>        |
| <b>Income (loss) before minority interests</b>                                  | (67)                 | 36           |
| Minority interests in net income of subsidiaries                                | 6                    | 5            |
|   | <hr/>                | <hr/>        |
| <b>Income (loss) before cumulative effect of change in accounting principle</b> | (73)                 | 31           |
| Cumulative effect of change in accounting principle, net of tax (Note 10)       | (265)                |              |
|   | <hr/>                | <hr/>        |
| <b>Net income (loss)</b>  | <b>\$ (338)</b>      | <b>\$ 31</b> |
|   | <hr/> <hr/>          | <hr/> <hr/>  |

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|  |                   |                   |
|--|-------------------|-------------------|
| Average number of shares of Common Stock outstanding                         | 131               | 131               |
| <b>Earnings (loss) per share (Note 4)</b>                                    |                   |                   |
| Basic and diluted before cumulative effect of change in accounting principle | \$ (0.57)         | \$ 0.24           |
| Cumulative effect of change in accounting principle                          | (2.06)            |                   |
|  | <u>          </u> | <u>          </u> |
| Basic and diluted  | \$ (2.63)         | \$ 0.24           |
|  | <u>          </u> | <u>          </u> |
| <b>Cash dividends per share</b>  | \$ 0.06           | \$ 0.06           |

The accompanying notes are part of the financial statements.

**Table of Contents****VISTEON CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET**  
(in millions)

|   | <b>March 31,<br/>2002</b> | <b>December 31,<br/>2001</b> |
|---|---------------------------|------------------------------|
|   | <b>(unaudited)</b>        | <b>(restated)</b>            |
| <b>Assets</b>   |                           |                              |
| Cash and cash equivalents   | \$ 815                    | \$ 1,024                     |
| Marketable securities   | 257                       | 157                          |
|   | <hr/>                     | <hr/>                        |
| Total cash and marketable securities  | 1,072                     | 1,181                        |
| Accounts receivable Ford and affiliates   | 1,710                     | 1,560                        |
| Accounts receivable other customers   | 907                       | 834                          |
|   | <hr/>                     | <hr/>                        |
| Total receivables   | 2,617                     | 2,394                        |
| Inventories (Note 7)  | 999                       | 942                          |
| Deferred income taxes   | 167                       | 167                          |
| Prepaid expenses and other current assets   | 148                       | 153                          |
|   | <hr/>                     | <hr/>                        |
| Total current assets  | 5,003                     | 4,837                        |
| Equity in net assets of affiliated companies  | 158                       | 158                          |
| Net property  | 5,233                     | 5,329                        |
| Deferred income taxes   | 487                       | 322                          |
| Goodwill (Note 10)  |                           | 363                          |
| Other assets  | 155                       | 153                          |
|   | <hr/>                     | <hr/>                        |
| <b>Total assets</b>   | <b>\$ 11,036</b>          | <b>\$ 11,162</b>             |
|   | <hr/>                     | <hr/>                        |
| <b>Liabilities and Stockholders Equity</b>  |                           |                              |
| Trade payables (Note 7)   | \$ 2,004                  | \$ 1,915                     |
| Accrued liabilities   | 1,019                     | 945                          |
| Income taxes payable  | 28                        | 30                           |
| Debt payable within one year  | 631                       | 629                          |
|   | <hr/>                     | <hr/>                        |
| Total current liabilities   | 3,682                     | 3,519                        |
| Long-term debt  | 1,285                     | 1,293                        |
| Postretirement benefits other than pensions   | 2,138                     | 2,079                        |
| Other liabilities   | 992                       | 967                          |
| Deferred income taxes   | 12                        | 13                           |
|   | <hr/>                     | <hr/>                        |
| Total liabilities   | 8,109                     | 7,871                        |
| <b>Stockholders equity</b>  |                           |                              |
| Capital stock   |                           |                              |
| Preferred Stock, par value \$1.00, 50 million shares authorized,<br>none outstanding  |                           |                              |
| Common Stock, par value \$1.00, 500 million shares authorized, 131 million<br>shares issued, 131 million and 130 million shares outstanding, respectively | 131                       | 131                          |
| Capital in excess of par value of stock   | 3,316                     | 3,311                        |
| Accumulated other comprehensive income  | (240)                     | (231)                        |
| Other   | (39)                      | (25)                         |
| Earnings retained for use in business (accumulated deficit)   | (241)                     | 105                          |

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|   |                  |                  |
|---|------------------|------------------|
| Total stockholders' equity                        | 2,927            | 3,291            |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 11,036</b> | <b>\$ 11,162</b> |

The accompanying notes are part of the financial statements.



Table of Contents

## VISTEON CORPORATION AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Periods Ended March 31, 2002 and 2001**  
(in millions)

|   | First Quarter |          |
|---|---------------|----------|
|   | 2002          | 2001     |
|   | (unaudited)   |          |
| <b>Cash and cash equivalents at January 1</b>         | \$ 1,024      | \$ 1,412 |
| Cash flows provided by (used in) operating activities | 58            | (187)    |
| Cash flows from investing activities                  |               |          |
| Capital expenditures                                  | (140)         | (172)    |
| Purchases of securities                               | (199)         | (85)     |
| Sales and maturities of securities                    | 100           |          |
| Other   |               | 3        |
|   | (239)         | (254)    |
| Net cash used in investing activities                 |               |          |
| Cash flows from financing activities                  |               |          |
| Commercial paper issuances, net                       |               | (15)     |
| Short-term debt, net                                  | (1)           | 1        |
| Proceeds from issuance of other debt                  | 44            | 28       |
| Principal payments on other debt                      | (48)          | (31)     |
| Purchase of treasury stock                            | (11)          |          |
| Cash dividends  | (8)           | (8)      |
|   | (24)          | (25)     |
| Net cash used in financing activities                 |               |          |
| Effect of exchange rate changes on cash               | (4)           | (6)      |
|   | (209)         | (472)    |
| Net decrease in cash and cash equivalents             |               |          |
| <b>Cash and cash equivalents at March 31</b>          | \$ 815        | \$ 940   |

The accompanying notes are part of the financial statements.

**Table of Contents****VISTEON CORPORATION AND SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS**  
**(unaudited)**

**1. Financial Statements** The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of such information. Results for interim periods should not be considered indicative of results for a full year. Reference should be made to the consolidated financial statements and accompanying notes included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, as filed with the Securities and Exchange Commission on March 29, 2002, as amended on August 13, 2002. Certain amounts for prior periods were reclassified to conform with present period presentation.

Visteon Corporation ( Visteon ) is a leading, global supplier of automotive systems, modules and components. Visteon sells products primarily to global vehicle manufacturers, and also sells to the worldwide aftermarket for replacement and vehicle appearance enhancement parts. Visteon became an independent company when 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 (the spin-off ). Prior to incorporation, Visteon operated as Ford's automotive components and systems business.

**2. Selected costs and expenses** are summarized as follows:

|              | <b>First Quarter</b> |               |
|--------------|----------------------|---------------|
|              | <b>2002</b>          | <b>2001</b>   |
|              | <b>(in millions)</b> |               |
| Depreciation | \$ 140               | \$ 140        |
| Amortization | 21                   | 30            |
| <b>Total</b> | <b>\$ 161</b>        | <b>\$ 170</b> |

**3. Special Charges** In the first quarter of 2002, Visteon recorded in costs of sales pre-tax charges of \$116 million (\$74 million after-tax), as summarized below:

|  | <b>First Quarter 2002</b> |                  |
|--|---------------------------|------------------|
|  | <b>Pre-tax</b>            | <b>After-tax</b> |
|  | <b>(in millions)</b>      |                  |
| Restructuring and other charges:                       |                           |                  |
| First quarter 2002 actions*                            | \$ 95                     | \$ 61            |
| Adjustments to prior year's expenses                   | (5)                       | (3)              |
| <b>Total restructuring and other charges</b>           | <b>90</b>                 | <b>58</b>        |
| Loss related to sale of restraint electronics business | 26                        | 16               |
| <b>Total special charges</b>                           | <b>\$ 116</b>             | <b>\$ 74</b>     |

\* Includes \$5 million related to the write-down of inventory.



**Table of Contents****VISTEON CORPORATION AND SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS (Continued)****(unaudited)**

**3. Special Charges (Continued)** In the first quarter of 2002, Visteon recorded pre-tax charges of \$95 million related to the separation of 820 employees at Markham, Ontario as the company moves nearly all of the non-restraint electronics business to facilities in Mexico, the elimination of about 215 engineering positions in the United States to reduce research and development costs, the closure of our Visteon Technologies facility in California and the related discontinuation of support for our aftermarket navigation systems product line, the closure of our Leatherworks facility in Michigan and the elimination of about 240 manufacturing positions in Mexico. The engineering-related and Mexican manufacturing-related separations, and the closure of Visteon Technologies, were completed in the first quarter of 2002. The separations of the Markham employees are expected to be complete by the end of 2002.

Also in the first quarter of 2002, \$5 million of accrued restructuring liabilities relating to prior year restructuring plans were reversed reflecting a change in estimated costs to complete these activities.

Effective April 1, 2002, Visteon completed the sale of its restraint electronics business to Autoliv, Inc. for \$25 million. The sale includes Visteon's North American and European order book of approximately \$150 million in annual sales to Ford Motor Company and its affiliates, including associated manufacturing operations in Markham, Ontario, as well as related assets and liabilities. As part of the sale, approximately 250 employees from Markham and 110 engineers from Dearborn, Michigan will transfer to Autoliv.

The following table summarizes the activity related to the remaining restructuring reserves from the 2001 actions, as well as restructuring reserve activity related to the 2002 actions. This table does not include the loss related to the sale of the electronics restraint business.

|   | Automotive Operations |       | Glass Operations | Total |
|---|-----------------------|-------|------------------|-------|
|   | Employee-Related      | Other | Employee-Related |       |
|   | (in millions)         |       |                  |       |
| December 31, 2001 reserve balance           | \$ 16                 | \$    | \$ 7             | \$ 23 |
| Pre-tax charges recorded in costs of sales: |                       |       |                  |       |
| First quarter 2002 actions                  | 81                    | 14    |                  | 95    |
| Adjustments to prior year's expenses        | (3)                   |       | (2)              | (5)   |
| Total net expense                           | 78                    | 14    | (2)              | 90    |
| Utilization                                 | (49)                  | (12)  | (1)              | (62)  |
| March 31, 2002 reserve balance              | \$ 45                 | \$ 2  | \$ 4             | \$ 51 |

Reserve balances of \$23 million and \$51 million at December 31, 2001 and March 31, 2002, respectively, are included in current accrued liabilities on the accompanying balance sheets. The March 31, 2002 reserve balance of \$51 million includes \$15 million related to 2001 restructuring activities. The company currently anticipates that the restructuring activities to which all of the above charges relate will be substantially completed in 2002.

**Table of Contents**

**VISTEON CORPORATION AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**(unaudited)**

**4. Income (Loss) Per Share of Common Stock** Basic income per share of common stock is calculated by dividing the income attributable to common stock by the average number of shares of common stock outstanding during the applicable period, adjusted for restricted stock. The average number of shares of restricted stock outstanding was about 2,250,000 and 910,000 for the first quarter of 2002 and first quarter of 2001, respectively. The calculation of diluted income per share takes into account the effect of dilutive potential common stock, such as stock options and restricted stock. For the first quarter of 2002 potential common stock of about 317,000 shares are excluded as the effect would have been antidilutive.

**5. Transactions with Ford and its Affiliates** 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. Although the outcome of this matter is not fully predictable, we believe our established reserves are adequate. The final amounts, however, could differ materially from the recorded estimates.

**6. Land Lease** In January 2002, Visteon completed an arrangement with a special-purpose entity, owned by an affiliate of a bank, to lease land in Southeast Michigan suitable for a potential headquarters facility. The lease has an initial lease term through June 30, 2002, at which time Visteon has the option to renew the lease on terms mutually acceptable to Visteon and the lessor, purchase the land or arrange for the sale of the property. Visteon has a contingent liability for up to about \$23 million in the event the property is sold for less than full cost.

**Table of Contents****VISTEON CORPORATION AND SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS (Continued)****(unaudited)**

**7. Inventories** Generally, Visteon's policy is to organize arrangements with suppliers to support its production inventory needs with just-in-time deliveries of materials and not take ownership from or authorize payment to suppliers until such time as the materials have been utilized in the production process. During the second quarter of 2002, Visteon became aware that the terms of its purchase orders with certain suppliers did not adequately reflect its understanding of the terms of its pay on production agreements. Accordingly, Visteon has revised its inventory recognition practice related to inventory received from these suppliers to reflect inventory, and the corresponding trade payable, upon receipt rather than when the material is utilized in the production process. As a result, Visteon has revised the following line items in the consolidated balance sheet, with no revision of Visteon's consolidated statement of income or statement of cash flows:

|                | As Restated       |                      | As Originally Reported |                         |
|----------------|-------------------|----------------------|------------------------|-------------------------|
|                | March 31,<br>2002 | December 31,<br>2001 | March 31,<br>2002      | December<br>31,<br>2001 |
|                | (in millions)     |                      |                        |                         |
| Inventories    | \$ 999            | \$ 942               | \$ 872                 | \$ 858                  |
| Trade Payables | 2,004             | 1,915                | 1,877                  | 1,831                   |

Company management is in the process of obtaining formal documentation of these pay on production terms from our vendors and we will reflect these vendor agreements when obtained, on a prospective basis.

Inventories are summarized as follows:

|   | March 31,<br>2002 | December 31,<br>2001 |
|---|-------------------|----------------------|
|   | (in millions)     |                      |
| Raw materials, work-in-process and supplies | \$ 853            | \$ 812               |
| Finished products                           | 146               | 130                  |
| <b>Total inventories</b>                    | <b>\$ 999</b>     | <b>\$ 942</b>        |
| U.S. inventories                            | \$ 650            | \$ 589               |

**8. Debt** On April 2, 2002, Visteon and Visteon Capital Trust I (the trust) filed a shelf registration statement with the Securities and Exchange Commission to register \$800 million in securities. Under this shelf process, in one or more offerings, Visteon may sell notes, preferred stock, common stock, depositary shares, warrants, stock purchase contracts and stock purchase units; and the trust may sell trust preferred securities representing undivided beneficial interests in the trust. This shelf registration statement replaces the prior shelf registration statement filed on June 23, 2000. The registration statement became effective on April 12, 2002. Each time Visteon sells securities under this shelf registration statement, a prospectus supplement will be provided that will contain specific information about the terms of that offering. Except as may otherwise be determined at the time of sale, the net proceeds would be used for general corporate purposes.

**Table of Contents****VISTEON CORPORATION AND SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS (Continued)****(unaudited)**

**9. Comprehensive Income (Loss)** Other comprehensive income mainly includes foreign currency translation adjustments. Total comprehensive income is summarized as follows:

|  | <b>First Quarter</b> |              |
|--|----------------------|--------------|
|  | <b>2002</b>          | <b>2001</b>  |
|  | <b>(in millions)</b> |              |
| Net income (loss)                        | \$ (338)             | \$ 31        |
| Other comprehensive income (loss)        | (9)                  | (20)         |
| <b>Total comprehensive income (loss)</b> | <b>\$ (347)</b>      | <b>\$ 11</b> |

**10. Accounting Change** In 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 ( SFAS 142 ), Goodwill and Other Intangible Assets . SFAS 142 no longer permits amortization of goodwill and establishes a new method of testing goodwill for impairment by using a fair-value based approach. Under this statement goodwill is to be evaluated for possible impairment as of January 1, 2002, and periodically thereafter.

Visteon adopted SFAS 142 on January 1, 2002. As required by this standard, an initial test for goodwill impairment was performed which compared the fair value of our Automotive Operations segment to the segment's net book value. Visteon's stock market capitalization, as well as market multiples and other factors, were used as the basis for determining the fair value of the Automotive Operations segment. Because the fair value of the Automotive Operations segment was less than its net book value, Visteon recorded an impairment loss on goodwill of \$363 million (\$265 million after-tax) as a cumulative effect of change in accounting principle in the first quarter of 2002. The pre-tax impairment loss consists of \$357 million of net goodwill as of December 31, 2001 and \$6 million reclassified to goodwill related to certain acquired intangible assets, as required by SFAS 142.

The following presents net income and earnings per share adjusted to reflect the adoption of the non-amortization provisions of SFAS 142 as of the beginning of the period presented:

|   | <b>First Quarter<br/>2001</b>                              |      |
|---|--|------|
|   | <b>(in millions,<br/>except per<br/>share<br/>amounts)</b> |      |
| <b>Net Income</b>                             |  |      |
| Reported net income                           | \$ 31  |      |
| Goodwill amortization, net of tax             |  | 4    |
| <b>Adjusted net income</b>                    | <b>\$ 35</b>   |      |
| <b>Earnings Per Share - Basic and Diluted</b> |  |      |
| Reported earnings per share                   | \$ 0.24  |      |
| Goodwill amortization, net of tax             |  | 0.03 |

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|                             |    |      |
|-----------------------------|----|------|
| Adjusted earnings per share | \$ | 0.27 |
|-----------------------------|----|------|



**Table of Contents****VISTEON CORPORATION AND SUBSIDIARIES****NOTES TO FINANCIAL STATEMENTS (Continued)****(unaudited)**

**11. Segment Information** Visteon's reportable operating segments are Automotive Operations and Glass Operations. Financial information for the reportable operating segments is summarized as follows:

|                            | <u>Automotive<br/>Operations</u> | <u>Glass<br/>Operations</u> | <u>Total<br/>Visteon</u> |
|----------------------------|----------------------------------|-----------------------------|--------------------------|
|                            | (in millions)                    |                             |                          |
| <b>First Quarter</b>       |                                  |                             |                          |
| <b>2002</b>                |                                  |                             |                          |
| Sales                      | \$ 4,321                         | \$ 148                      | \$ 4,469                 |
| Income (loss) before taxes | (116)                            | 9                           | (107)                    |
| Net income (loss)          | (344)                            | 6                           | (338)                    |
| Average assets             | 10,806                           | 293                         | 11,099                   |
| Goodwill, end of period    |                                  |                             |                          |
| <b>2001</b>                |                                  |                             |                          |
| Sales                      | \$ 4,558                         | \$ 165                      | \$ 4,723                 |
| Income (loss) before taxes | 60                               | (5)                         | 55                       |
| Net income (loss)          | 33                               | (2)                         | 31                       |
| Average assets             | 11,178                           | 294                         | 11,472                   |
| Goodwill, end of period    | 373                              |                             | 373                      |

**Table of Contents**

**REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors and Stockholders

Visteon Corporation

We have reviewed the accompanying consolidated balance sheet of Visteon Corporation and its subsidiaries as of March 31, 2002, and the related consolidated statement of income and condensed consolidated statement of cash flows for the three-months ended March 31, 2002 and March 31, 2001. These financial statements are the responsibility of the company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2001, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated January 16, 2002, except for Note 17, as to which the date is March 11, 2002, and Note 3, as to which the date is August 12, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2001, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived. As discussed in Note 7, the company has revised its consolidated balance sheet as of March 31, 2002, and December 31, 2001.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Detroit, Michigan

April 17, 2002, except for Note 7,

as to which the date is August 12, 2002



**Table of Contents****EXHIBIT INDEX**

| Exhibit Number | Exhibit Name  |
|----------------|---|
| 3.1            | Amended and Restated Certificate of Incorporation (1)   |
| 3.2            | Amended and Restated By-laws (1)  |
| 4.1            | Indenture dated as of June 23, 2000 with Bank One Trust Company, N.A., as Trustee (2)                                   |
| 4.2            | Form of Visteon Common Stock Certificate (3)  |
| 10.1           | Master Transfer Agreement (4)   |
| 10.2           | Purchase and Supply Agreement (4)   |
| 10.3           | Letter Relating to Price Reductions (4)   |
| 10.4           | Master Separation Agreement (5)   |
| 10.5           | Aftermarket Relationship Agreement (3)  |
| 10.6           | Hourly Employee Assignment Agreement (3)  |
| 10.7           | Employee Transition Agreement (3)   |
| 10.8           | Tax Sharing Agreement (4)   |
| 10.9           | Long-term Incentive Plan (6)  |
| 10.10          | Form of Revised Change in Control Agreement (7)   |
| 10.11          | Issuing and Paying Agency Agreement (1)   |
| 10.12          | Master Note (1)   |
| 10.13          | Letter Loan Agreement (1)   |
| 10.14          | Deferred Compensation Plan for Non-Employee Directors (7)   |
| 10.15          | Restricted Stock Plan for Non-Employee Directors (8)  |
| 10.16          | Deferred Compensation Plan (7)  |
| 10.17          | Form of Savings Parity Plan (7)   |
| 10.18          | Form of Pension Parity Plan (7)   |
| 10.19          | Form of Supplemental Executive Retirement Plan (7)  |
| 10.20          | Executive Employment Agreement dated as of September 15, 2000 (9)   |
| 11.1           | Statement re: Computation of Per Share Earnings (10)  |
| 12.1           | Statement re: Computation of Ratios (10)  |
| 15.1           | Letter of PricewaterhouseCoopers LLP, Independent Accountants, dated August 12, 2002, relating to Financial Information |
| 99.1           | Written Statement of the Chief Executive Officer dated August 12, 2002  |
| 99.2           | Written Statement of the Chief Financial Officer dated August 12, 2002  |

- (1) Incorporated by reference to the exhibit of the same name filed with Visteon's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000, filed July 24, 2000 (File No. 001-15827).
- (2) Incorporated by reference to exhibit 4.1 filed with Visteon's Current Report on Form 8-K, dated July 31, 2000, filed August 16, 2000 (File No. 001-15827).
- (3) Incorporated by reference to the exhibit of the same name filed with Amendment No. 1 to Visteon's Registration Statement on Form 10, filed May 19, 2000 (File No. 001-15827).
- (4) Incorporated by reference to the exhibit of the same name filed with Visteon's Registration Statement on Form S-1, filed June 2, 2000 (File No. 333-38388).
- (5) Incorporated by reference to the exhibit of the same name filed with Amendment No. 1 to Visteon's Registration Statement on Form S-1, filed June 6, 2000 (Registration No. 333-38388).
- (6) Incorporated by reference to Appendix E of Visteon's 2001 Proxy Statement, filed March 26, 2001 (File No. 001-15827).
- (7) Incorporated by reference to the exhibit of the same name filed with Visteon's Annual Report on Form 10-K, filed February 27, 2001 (File No. 001-15827).

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- (8) Incorporated by reference to Appendix F of Visteon's 2001 Proxy Statement, filed March 26, 2001 (File No. 001-15827).
- (9) Incorporated by reference to the exhibit of the same name filed with Visteon's Annual Report on Form 10-K, filed March 29, 2002 (File No. 001-15827).
- (10) Incorporated by reference to the exhibit of the same name filed with Visteon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002, filed May 1, 2002 (File No. 001-15827).

12