

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

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2020
OR
 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 001-15827

VISTEON CORPORATION

(Exact name of registrant as specified in its charter)

State of Delaware

(State or other jurisdiction of incorporation or organization)

One Village Center Drive, Van Buren Township, Michigan

(Address of principal executive offices)

38-3519512

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

48111

(Zip code)

Registrant's telephone number, including area code: (800)-VISTEON
Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on which Registered</u>
Common Stock, par value \$0.01 per share	VC	The NASDAQ Stock Market LLC

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

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 subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2020 (the last business day of the most recently completed second fiscal quarter) was approximately \$1.9 billion.

As of February 11, 2021, the registrant had outstanding 27,915,661 shares of common stock.

Document Incorporated by Reference

Document
2021 Proxy Statement

Where Incorporated
Part III (Items 10, 11, 12, 13 and 14)

Visteon Corporation and Subsidiaries

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Part I

Item 1. Business

Description of Business

Visteon Corporation (the "Company" or "Visteon") is a global automotive supplier that designs, engineers, and manufactures innovative automotive electronics and connected car solutions for the world's major vehicle manufacturers including Ford, Mazda, Volkswagen, General Motors, Renault/Nissan, BMW, Jaguar/Land Rover, Daimler, and Stellantis. Visteon is a global leader in cockpit electronic products including digital instrument clusters, information displays, infotainment, head-up displays, telematics, SmartCore™ cockpit domain controllers, the DriveCore™ advanced safety platform and battery management systems. Visteon is headquartered in Van Buren Township, Michigan, and has an international network of manufacturing operations, technical centers, and joint venture operations dedicated to the design, development, manufacture, and support of its product offerings and its global customers. The Company's manufacturing and engineering footprint is principally located in Mexico, Bulgaria, Portugal, Germany, India, and China.

The Company's Industry

The Company operates in the automotive industry, which is cyclical and highly sensitive to general economic conditions. The Company believes that future success in the automotive industry is, in part, dependent on alignment with customers to support their efforts to effectively meet the challenges associated with the following significant trends and developments in the global automotive industry:

- *Electronic content and connectivity* - The electronic content of vehicles continues to increase due to various regulatory requirements and consumer demand for increased vehicle performance and functionality. The use of electronic components can reduce weight, expedite assembly, enhance fuel economy, improve emissions, increase safety and enhance vehicle performance. These benefits coincide with vehicles becoming more electric, connected, and automated. Additionally, digital and portable technologies have dramatically influenced the lifestyle of today's consumers, who expect products that enable such a lifestyle. Consequently, the vehicle cockpit is transforming into a fully digital environment with multi-display systems incorporating larger, curved and complex displays and the consolidation of discrete electronic control units into a multi-core domain controller.
- *Electric vehicles* - The trend towards electrification is accelerating, driven by government incentives and standards, announced restrictions of internal combustion engine vehicles in multiple cities and countries, and the significant increase of investment in electrification by Original Equipment Manufacturers ("OEMs"). The shift to electric vehicles increases the digital content of a vehicle as the majority of cockpit electronics will be all-digital to support the new electrical architecture. In addition, all battery electric vehicles will require a battery management system to manage the rechargeable battery pack.
- *Advanced driver assistance systems ("ADAS") and autonomous driving* - The industry continues to advance toward semi-autonomous and autonomous vehicles. The Society of Automotive Engineers has defined five levels of autonomy ranging from levels one and two with driver-assist functions whereby the driver is responsible for monitoring the environment, to level five with full autonomy under all conditions. Levels one and two are already popular in the market while levels three and above utilize a combination of sensors, radars, cameras and LiDARs, requiring sensor fusion and machine learning technologies, as the system assumes the role of monitoring the environment. Level three includes features such as highway pilot and parking assist technology, for which an increased market penetration rate is expected over the next several years.
- *Safety and security* - Governments continue to focus regulatory efforts on safer transportation. Accordingly, OEMs are working to improve occupant and pedestrian safety by incorporating more safety-oriented technology in their vehicles. Additionally, in-vehicle connectivity has increased the need for robust cybersecurity systems to protect data, applications and associated infrastructure. Security features are evolving with advances in sensors and silicon. Suppliers must enable the security/safety initiatives of their customers including the development of new technologies.
- *Vehicle standardization* - OEMs continue to standardize vehicle platforms on a global basis, resulting in a lower number of individual vehicle platforms, design cost savings and further scale of economies through the production of a greater number of models from each platform. Having operations in the geographic markets in which OEMs produce global platforms enables suppliers to meet OEMs' needs more economically and efficiently, thus making global coverage a source of significant competitive advantage for suppliers with a diversified global footprint. Additionally, OEMs are looking to suppliers for increased collaboration to lower costs, reduce risks, and decrease overall time to market. Suppliers that can

provide fully engineered solutions, systems and pre-assembled combinations of component parts are positioned to leverage the trend toward system sourcing. As vehicles become more connected and cockpits more digitized, suppliers that can deliver modular hardware architectures, “open” software architectures, and a software platform approach will be poised to help OEMs achieve greater reuse of validated hardware circuitry, design scalability, and faster development cycles.

Financial Information about Segments

The Company’s reportable segment is Electronics. The Company’s Electronics segment provides automotive electronics products to customers, including instrument clusters, information displays, infotainment systems, audio systems, telematics solutions, head-up displays, and battery management systems.

Refer to Note 20, “Segment Information and Revenue Recognition” to the Company’s consolidated financial statements included in Part II, Item 8 of this Form 10-K for more information about the Company’s reportable segment.

The Company’s Products

The Company designs and manufactures innovative automotive electronics and connected car solutions further described below:

Instrument Clusters

The Company offers a full line of instrument clusters, from standard analog gauge clusters to high-resolution, all-digital, fully reconfigurable, 2-D and 3-D display-based devices. The Company uses a platform approach to accelerate development and manage multiple vehicle variants. These clusters can use a wide range of display technologies, graphic capabilities and decorative elements, free-form, and curved displays. Premium clusters support complex 3-D graphics and feature embedded functionality such as driver monitoring, camera inputs, and ambient lighting.

Information Displays

The Company offers a range of information displays for various applications within the cockpit, incorporating a sleek profile, and touch sensors designed to deliver high performance for the automotive market. These displays can integrate a range of user interface technologies and graphics management capabilities, such as 3-D, dual view, cameras, optics, haptic feedback, light effects and dual displays. The Company offers a new generation of large, curved, complex multi-display modules with optical performance designed to be competitive with mobile devices. The Company’s microZone™ display technology offers high contrast and brightness and a wide color gamut that enables automotive displays to cost-effectively achieve life-like imaging capability on par with consumer mobile devices, without sacrificing reliability or life span. The Company also developed the first bendable glass multi-display cockpit in the automotive industry.

Audio and Infotainment Systems

The Company offers a range of infotainment and connected car solutions, including scalable Android infotainment for seamless connectivity including integration with Android Auto and Apple CarPlay technology for wireless smartphone projection. Phoenix™, the company’s display audio and embedded infotainment platform that is based on Android automotive operating system Phoenix™, the company’s display audio and embedded infotainment platform that is based on Android automotive operating system. Phoenix embedded infotainment offers Android App Store that enables third-party developers to create apps easily through a software development kit and software simulation of the target hardware system. Additionally, Visteon offers an onboard artificial intelligence (“AI”)-based voice assistant with natural language understanding.

Battery Management Systems (“BMS”)

The Company offers wired and wireless battery management systems that include control and sensing sub system hardware and software. Visteon’s wireless BMS replaces wired connections between the sub systems with secure and reliable wireless communication technology. This solution supports multiple charging protocols with modular and scalable design to meet OEM cost, weight, battery pack configuration, and packaging requirements. Visteon’s wireless BMS solution can more easily be connected to the OEM’s thermal management systems and other vehicle controls.

Telematics Solutions

The Company provides a cost-optimized, high-speed telematics control unit to enable secure connected car services, software updates, and data. The Company's telematics solution uses a single hardware and flexible software architecture to support regional telematics service providers and mobile networks. The Company's wireless gateway platform is designed to meet future connectivity requirements including 4G, V2X, Wi-Fi® and next-generation mobile standards such as 5G. The Company also offers a hands-free telephone unit that provides Bluetooth® and Universal Serial Bus ("USB") connectivity.

Head-Up Displays

The Company provides a complete line of head-up displays ("HUD") that present critical information to the driver in a convenient location, at a comfortable focal distance. Combiner HUD projects a virtual image in front of the driver using a compact, transparent screen mounted on top of the instrument panel. Windshield HUD projects the image directly on the vehicle windshield. The Company has demonstrated an augmented reality system that overlays graphics in the driver's line of sight to represent objects in the vehicle's path; provide navigation guidance; and display relevant information, such as a lane departure warning.

SmartCore Cockpit Domain Controller

The Company offers SmartCore™, an automotive-grade, integrated domain controller approach, which can independently operate the infotainment system, instrument cluster, head-up display, rear-seat displays, and other features on a single, multi-core chip to improve efficiency, create a unified experience across products, and reduce power consumption and cost. Included are: SmartCore Runtime, middleware, enabling communication between domains and apps to be shown on any display; and SmartCore Studio, a PC-based configuration tool to generate hypervisor configurations. The latest generation of SmartCore seamlessly connects the human machine interaction ("HMI") across an increasing number of display domains, such as surround view and in-cabin sensing of driver drowsiness, attentiveness, and facial recognition.

DriveCore Advanced Safety Driving Controller

DriveCore™ is an open, scalable platform for addressing multiple levels of vehicle automation, with a focus on Level 2-plus. DriveCore consists of the centralized computing unit, middleware framework, and software applications process AI/machine learning algorithms for Level 2-plus functionality. DriveCore provides an open platform for the development of sensor-based solutions for the auto industry, through three main components:

- Compute - A modular and scalable cost-efficient computing hardware platform designed to be adapted to Level 2-plus and above levels of automated driving;
- Runtime - In-vehicle middleware that provides a secure framework enabling applications and algorithms to communicate in a real time, high-performance environment; and
- Studio - A PC and cloud based development environment that enables automakers to create an ecosystem of developers for rapid algorithm development.

The Company's Customers

The Company's ultimate customers are global vehicle manufacturers including Ford, BMW, Mazda, Volkswagen, Renault/Nissan, Daimler, General Motors, Fiat, and Jaguar/Land Rover. Ford, Renault/Nissan, Mazda, and BMW are the Company's largest ultimate customers.

The following is a summary of their percentage of net sales:

	Percentage of Total Net Sales		
	December 31,		
	2020	2019	2018
Ford	22 %	22 %	26 %
Mazda	11 %	14 %	18 %
Renault/Nissan	11 %	13 %	12 %
BMW	11 %	8 %	3 %

The Company typically supplies products to OEM customers through purchase orders, which are generally governed by general terms and conditions established by each OEM. Although the terms and conditions vary from customer to customer, they typically contemplate a relationship under which customers place orders for their requirements of specific components supplied for particular vehicles but are not required to purchase any minimum quantities. Individual purchase orders can be cancelled for cause, non-performance, and, in most cases, insolvency or certain change in control events. Additionally, many of our OEM customers have the option to terminate contracts for convenience; this option permits the OEM customers to impose pressure on pricing during the life of the vehicle program or issue purchase contracts for less than the duration of the vehicle program. This has the potential to reduce the Company's profit margin and increases the risk of loss of future sales under those purchase contracts.

The Company manufactures and ships based on customer release schedules, normally provided on a weekly basis, which can vary based on OEM automotive production or dealer inventory levels. Although customer programs typically extend to future periods, and although there is an expectation that the Company will supply certain levels of OEM production in those future periods, customer agreements (including the applicable terms and conditions) do not necessarily constitute firm orders.

The price related to these products are typically negotiated on an annual basis. Any subsequent price reductions are intended to take into account expected annual cost reductions to the supplier of providing products and services to the customer, through such factors as manufacturing productivity enhancements, material cost reductions and design-related cost improvements. The Company has an aggressive cost reduction program that focuses on reducing its total costs, which are intended to offset customer price reductions. However, there can be no assurance that the Company's cost reduction efforts will be sufficient to fully offset such price reductions. These relationships typically extend over the life of the related vehicle.

The terms and conditions generally require a warranty on products sold; in most cases, the warranty period is the same as the warranty offered by the OEM to the ultimate customer. The Company may also be required to share in all or part of recall costs if the OEM recalls vehicles for defects attributable to Visteon products.

The Company's Competition

The automotive sector continues to remain highly competitive resulting from the ongoing industry consolidation. OEMs rigorously evaluate suppliers on the basis of financial viability, product quality, price competitiveness, technical expertise, development capability, new product innovation, reliability and timeliness of delivery, product design, manufacturing capability, flexibility, customer service, and overall management. The Company's primary independent competitors include, but are not limited to, Alpine Electronics, Aptiv PLC, Continental AG, Denso Corporation, Samsung Group, LG Corporation, Nippon Seiki, Panasonic Corporation, Hyundai Mobis, Innolux Corporation, Magneti Marelli, and Robert Bosch GmbH.

The Company's Business Seasonality and Cyclicity

Historically, the Company's business has been moderately seasonal because its largest North American customers typically cease production for approximately two weeks in July for model year changeovers and approximately one week in December during the winter holidays. Customers in Europe historically shut down vehicle production during a portion of August and one week in December. In China, customers typically shut down approximately one week in early October and one week in January or February. Additionally, third-quarter automotive production is traditionally lower as new vehicle models enter production.

The Company's Human Capital Resources, Workforce, and Employee Relations

Attract and Retain

The Company's ability to sustain and grow its business requires the recruitment, retention and development of a highly skilled and diverse workforce. The Company's Chief Human Resources Officer ("CHRO"), reporting directly to Chief Executive Officer ("CEO"), oversees its global talent processes to attract, develop and retain its employees. To attract the best talent, the Company offers market competitive compensation and benefits around the globe, annual and long-term incentive programs, as well as health and wellness benefits. The Company also provides a variety of resources to help its employees grow in their current roles and build new skills. Hundreds of online courses are available in the Company's learning management system where individual development is emphasized as part of the annual goal setting process. The Company continues to build tools for leaders to develop their teams on the job and in roles to create new opportunities to learn and grow. Because retention of the employee base is significant to its business strategy, executive management discusses it with the Board of Directors on a regular basis.

Workforce

Visteon's strength comes from a workforce of approximately 10,000 employees operating in approximately 18 countries globally. Our workforce is globally distributed and located in 26% in the Americas, 32% in Europe, 21% in China, and 21% in the Asia Pacific region. Visteon believes that all employees are leaders and expects leaders to drive operational and financial results and build strong teams.

Many of the Company's employees are members of industrial trade unions and confederations within their respective countries. Often these organizations operate under collectively bargained contracts that are not specific to any one employer. The Company constantly works to establish and maintain positive, cooperative relations with its unions and work representatives around the world.

Diversity and Inclusion

Diversity represents an environment of open communication where the contributions of all employees are valued. As a multicultural organization, the Company embraces human differences and harnesses the power of its employees' varied backgrounds, cultures and experiences to create a competitive edge. The Company encourages many forms of corporate communication such as global town hall employee meetings, informal small-group employee discussions, and an open-door policy so all employees have direct access to senior leadership and have the opportunity to ask questions, make suggestions, and provide input. Our goal is to create a culture where we value, respect, and provide fair treatment and equal opportunities for all employees.

Workplace Safety

The Company requires protective equipment, enforces comprehensive safety policies and procedures, and encourages its employees and leaders to continually look for ways to improve workplace safety. It has implemented and maintains a health and safety management system that is certified to the OHSAS 18001 or ISO 45001 standard. The Company provides regular health and safety reports to the Board of Directors, which during fiscal 2020, included updates on the return to work health and safety protocols globally as a result of COVID-19. To protect its employees and maintain operations during the COVID-19 pandemic, the Company implemented a number of new health-related measures including a requirement to wear face-masks at all times while on its property, temperature taking protocols, increased hygiene, cleaning and sanitizing procedures, social-distancing, restrictions on visitors to its facilities, and limiting in-person meetings.

Regulation

Visteon operates in a constantly evolving global regulatory environment and is subject to numerous and varying regulatory requirements for its product performance and material content. Visteon's strives to identify potential regulatory and quality risks early in the design and development process and proactively manage them throughout the product lifecycle through the use of routine assessments, protocols, standards, performance measures, and audits. New regulations and changes to existing regulations are managed in collaboration with the OEM customers and implemented through Visteon's global systems and procedures designed to ensure compliance with existing laws and regulations.

Visteon works collaboratively with a number of stakeholder groups including government agencies, its customers, and its suppliers to proactively engage in federal, state, and international public policy processes.

Environmental, Health, Safety, and Legal Matters

Visteon is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other matters. Although the outcome of such lawsuits, claims and proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Visteon, it is management's opinion that none of these will have a material adverse effect on Visteon's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented. Further details are provided in Part II, Item 8 of this Form 10-K in Note 19, "Commitments and Contingencies," of the notes to consolidated financial statements.

The Company's Product Research and Development

The Company's research and development efforts are intended to maintain leadership positions in core products and provide the Company with a competitive edge as it seeks additional business with new and existing customers. The Company also works with technology development partners, including customers, to develop technological capabilities and new products and applications.

The Company's Intellectual Property

The Company owns significant intellectual property, including a number of patents, copyrights, proprietary tools and technologies 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, no single patent, copyright, proprietary tool or technology, trade secret or license, or group of related patents, copyrights, proprietary tools or technologies, trade secrets or licenses is, in the opinion of management, of such value to the Company 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 appropriate countries, on its patentable developments that are considered to have commercial significance. The Company also views its name and mark as significant to its business as a whole. In addition, the Company holds rights in 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.

The Company's International Operations

Financial information about sales and net property by major geographic region can be found in Note 20, "Segment Information and Revenue Recognition," to the Company's consolidated financial statements included in Part II, Item 8 of this Form 10-K.

The Company's Raw Materials and Suppliers

Raw materials used by the Company in the manufacture of its products include electronics components, resins, copper, and precious metals. While generally the supply of the materials used are available from numerous sources, semiconductor suppliers, and silicon wafer production is concentrated. In general, the Company does not carry inventories of raw materials in excess of those reasonably required to meet production and shipping schedules. The Company monitors its supply base and endeavors to work with suppliers and customers to mitigate the impact of potential material shortages and supply disruptions.

While the Company has not experienced any significant interruption in the supply of raw materials in 2020, it has experienced semiconductor shortages in 2021 and there can be no assurance that sufficient sources or amounts of all necessary raw materials, and specifically semiconductors, as disclosed in "Note 1, Accounting Policies," to the Company's consolidated financial statements, included in Part II, Item 8 of this Form 10-K, will be available in required volumes in the future.

The automotive supply industry is subject to inflationary pressures with respect to raw materials, which have historically placed operational and financial burdens on the entire supply chain. Accordingly, the Company continues to take actions with its customers and suppliers to mitigate the impact of these inflationary pressures in the future. Actions to mitigate inflationary pressures with customers include collaboration on alternative product designs and material specifications, contractual price escalation clauses, and negotiated customer recoveries. Actions to mitigate inflationary pressures with suppliers include aggregation of purchase requirements to achieve optimal volume benefits, negotiation of cost-reductions, and identification of more cost competitive suppliers. While these actions are designed to offset the impact of inflationary pressures, the Company cannot provide assurance that it will be successful in fully offsetting increased costs resulting from inflationary pressures.

The Company's Website and Access to Available Information

The Company's current and periodic reports filed with the United States Securities and Exchange Commission ("SEC"), including amendments to those reports, may be obtained through its internet website at www.visteon.com free of charge as soon as reasonably practicable after the Company files these reports with the SEC. A copy of the Company's code of business conduct and ethics for directors, officers and employees of Visteon and its subsidiaries, entitled "Ethics and Integrity Policy," the Corporate Governance Guidelines adopted by the Company's Board of Directors and the charters of each committee of the Board of Directors are also available on the Company's website. A printed copy of the Company's Ethics and Integrity Policy may be requested by contacting the Company's Investor Relations department in writing at One Village Center Drive, Van Buren Township, MI 48111; by phone (734) 710-7893; or via email at investor@visteon.com.

Item 1A. Risk Factors

The risks and uncertainties described below are not the only ones facing the Company. Risks attributable to all registrants are not included below. Additional risks and uncertainties, including those not presently known or that the Company believes to be immaterial, also may adversely affect the Company's results of operations and financial condition. Should any such risks and uncertainties develop into actual events, these developments could have material adverse effects on the Company's business and financial results.

Operations Related Risk Factors

The Company's business, results of operations, and financial condition have been, and may continue to be, adversely affected by the recent COVID-19 pandemic

The COVID-19 pandemic poses the risk that the Company or its affiliates and joint ventures, employees, suppliers, customers, and others may be restricted or prevented from conducting business activities for indefinite or intermittent periods of time, including as a result of employee health and safety concerns, shutdowns, shelter in place orders, travel restrictions, and other actions and restrictions that may be requested or mandated by governmental authorities. In addition, the Company has experienced, and may continue to experience, disruptions or delays in our supply chain as a result of such actions, which is likely to result in higher supply chain costs to us in order to maintain the supply of materials and components for our products. While the Company has implemented measures to mitigate the impact on its results of operations, there can be no assurance that these measures will be successful. The Company cannot predict the degree to, or the period over, which its financials and operations will be affected by this outbreak and preventative measures, and the effects could be material.

The Company may also experience impacts from market downturns and changes in consumer behavior related to pandemic fears and impacts on its workforce as a result of COVID-19. In the first half of 2020 the Company experienced a significant decline in demand from its customers as a result of the impact of efforts to contain the spread of COVID-19 and this pattern could repeat. In addition, some customers may choose to delay or abandon projects on which the Company provides products and/or services in response to the adverse impact of the COVID-19 pandemic. The extent to which the COVID-19 outbreak continues to impact the Company's financial condition will depend on future developments that are highly uncertain and cannot be predicted, including new government actions or restrictions, new information that may emerge concerning the severity of COVID-19, the longevity of COVID-19, and the impact of COVID-19 on economic activity. Even after the COVID-19 pandemic has subsided, the Company may continue to experience adverse impacts on its business and financial performance as a result of its global economic impact, including a recession that has occurred or may occur in the future. To the extent the COVID-19 pandemic materially adversely affects the Company's business and financial results, it may also have the effect of significantly heightening many of the other risks associated with the Company's business, liquidity, and indebtedness.

The Company could be negatively impacted by the distress of its suppliers or other shortages

In an effort to manage and reduce the costs of purchased goods and services, the Company, like many suppliers and automakers, has been consolidating its supply base. As a result, the Company is dependent on single or limited sources of supply for certain components used in the manufacture of its products including semiconductor chips which are integral components of new vehicles and are embedded in multiple vehicle systems including automotive and cockpit electronics. The significant vehicle production slowdown in the first half of 2020 as a result of COVID-19, was followed by increased consumer demand and vehicle production schedules in the second half of 2020, particularly in the fourth quarter. This surge in demand led to a worldwide semiconductor supply shortage in early 2021, as semiconductor suppliers have been unable to rapidly reallocate production lines to serve the automotive industry. In 2021, the Company has experienced semiconductor shortages

and if such shortages of semiconductors or other critical components from other suppliers continue, or worsen, it will impact the Company's ability to meet its production schedules for some of its key products or to ship such products to its customers in a timely fashion. Furthermore, unfavorable economic or industry conditions could result in financial distress within the Company's supply base, thereby increasing the risk of supply disruption.

Such disruptions could be caused by any one of a myriad of potential problems, such as closures of one of the Company's or its suppliers' plants or critical manufacturing lines due to strikes, mechanical breakdowns, electrical outages, fires, explosions or political upheaval, as well as logistical complications due to weather, global climate change, volcanic eruptions, or other natural or nuclear disasters, mechanical failures, delayed customs processing, the spread of an infectious disease, virus or other widespread illness and more. Additionally, as the Company grows in best cost countries, the risk for such disruptions is heightened. The lack of even a small single subcomponent necessary to manufacture one of the Company's products, for whatever reason, could force the Company to cease production, even for a prolonged period. Similarly, a potential quality issue could force the Company to halt deliveries while it validates the products. Even where products are ready to be shipped, or have been shipped, delays may arise before they reach the customer. The Company's customers may halt or delay production for the same reason if one of their other suppliers fails to deliver necessary components. This may cause the Company's customers, in turn to suspend their orders, or instruct us to suspend delivery, of our products, which may adversely affect our financial performance.

If the Company were to fail to make timely deliveries in accordance with contractual obligations, the Company generally must absorb its own costs for identifying and solving the "root cause" problem as well as expeditiously producing replacement components or products. Generally, the Company must also carry the costs associated with "catching up," such as overtime and premium freight. Additionally, if the Company is the cause for a customer being forced to halt production, the customer may seek to recoup all of its losses and expenses from the Company. These losses and expenses could be significant, and may include consequential losses such as lost profits. Any supply-chain disruption, however small, could potentially cause the complete shutdown of an assembly line of one of the Company's customers, and any such shutdown could lead to material claims of compensation.

The Company continues to work closely with suppliers and customers to minimize any potential adverse impacts of the semiconductor supply shortage and monitor the availability of semiconductor microchips and other component parts and raw materials, customer vehicle production schedules and any other supply chain inefficiencies that may arise, due to this or any other issue. However, if the Company is not able to mitigate the semiconductor shortage impact, any direct or indirect supply chain disruptions may have a material adverse impact on our financial condition, results of operations or cash flows.

The Company's substantial international operations make it vulnerable to risks associated with doing business in foreign countries

The Company has manufacturing and distribution facilities in many foreign locations. International operations are subject to certain risks inherent in doing business abroad, including:

- changes to international trade agreements;
- local economic conditions, expropriation and nationalization, foreign exchange rate fluctuations, and currency controls;
- withholding, border, and other taxes on remittances and other payments by subsidiaries;
- investment restrictions or requirements;
- export and import restrictions, including increases in border tariffs;
- the ability to effectively enforce intellectual property rights;
- new or additional governmental sanctions on doing business with or in certain countries or with certain persons; and
- increases in working capital requirements related to long supply chains.

Additionally, the Company's global operations may also be adversely affected by political events, domestic or international terrorist events, and hostilities or complications due to natural or other disasters. These or any further political or governmental developments or health concerns in Mexico, China, or other countries in which the Company operates could result in social, economic, and labor instability. These uncertainties could have a material adverse effect on the continuity of the Company's business, results of operations, and financial condition.

While we have worked to mitigate any adverse impact, existing free trade laws and regulations, such as the United States-Mexico-Canada Agreement, provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Despite recent trade negotiations between the U.S. and Chinese governments and between the U.S. and European governments, given the uncertainty regarding the scope and duration of the imposed tariffs, as well as the potential for additional tariffs or trade barriers by the U.S., China or other countries, the Company can provide no assurance that any strategies we implement to mitigate the impact of such tariffs or other trade actions will be successful.

The Company has invested significantly and is expected to continue to invest significantly in joint ventures with other parties to conduct business in China and elsewhere in Asia. These investments may include manufacturing operations, and technical centers as well as research and development activities, to support anticipated growth in the region. If the Company is not able to strengthen existing relationships, secure additional customers, and develop market-relevant advanced driver assistance and autonomous vehicle technologies, it may fail to realize expected rates of return on these investments. The Company's ability to repatriate funds from these joint ventures depends not only upon their uncertain cash flows and profits but also upon the terms of particular agreements with the Company's joint venture partners and maintenance of the legal and political status quo. As a result, the Company's exposure to the risks described above is substantial. The likelihood of such occurrences and its potential effect on the Company vary from country to country and are unpredictable. However, any such occurrences could be harmful to the Company's business, profitability, and financial condition.

On December 31, 2020, the United Kingdom ("U.K.") officially withdrew from the European Union ("E.U."), commonly referred to as "Brexit". The long-term effects of Brexit are uncertain and may adversely affect European and worldwide economic and market conditions, including vehicle production, significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets, and could contribute to instability in global financial and foreign exchange markets. While the Company's overall footprint in the U.K. is not significant, the potential impacts of Brexit could adversely impact other global economies, and in particular, the European economy, a region which accounted for approximately 36% of the Company's total net sales for the year ended December 31, 2020. The Company will continue to actively monitor the ongoing potential impacts of Brexit and will seek to minimize its impact on the Company's business through review of its existing contractual arrangements and obligations, particularly in the European region. Any of these effects of Brexit, among others, could adversely affect the Company's business, business opportunities, results of operations, financial condition and cash flows.

The Company's ability to effectively operate could be hindered if it fails to attract and retain key personnel

The Company's ability to operate its business and implement its strategies effectively depends, in part, on the efforts of its executive officers and other key employees. In addition, the Company's future success will depend on, among other factors, the ability to attract and retain qualified personnel, particularly engineers and other employees with critical expertise and skills that support key customers and products or in emerging regions. The loss of the services of any key employees or the failure to attract or retain other qualified personnel could have a material adverse effect on the Company's business.

The Company may incur significant restructuring charges

The Company has taken, and expects to take, restructuring actions to realign its engineering organization and to realign and resize its production capacity and cost structure to meet current and projected operational and market requirements. The extent to which these strategies will achieve the desired efficiencies and goals in 2021 and beyond is uncertain because their success depends on a number of factors, some of which are beyond the Company's control. Charges related to these actions could have a material adverse effect on the Company's financial condition, operating results and cash flows. Moreover, there can be no assurances that any future restructuring will be completed as planned or achieve the desired results.

Work stoppages and similar events could significantly disrupt the Company's business

Because the automotive industry relies heavily on just-in-time delivery of components during the assembly and manufacture of vehicles, a work stoppage at one or more of the Company's manufacturing and assembly facilities could have material adverse effects on the business. Similarly, if one or more of the Company's customers were to experience a work stoppage, that customer would likely halt or limit purchases of the Company's products, which could result in the shutdown of the related manufacturing facilities. A significant disruption in the supply of a key component due to a work stoppage at one of the

Company's suppliers or any other supplier could have the same consequences, and accordingly, have a material adverse effect on the Company's financial results.

Industry and Competition Related Risk Factors

The automotive industry is cyclical and significant declines in the production levels of the Company's major customers could reduce the Company's sales and harm its profitability

Demand for the Company's products is directly related to the automotive vehicle production of the Company's major customers. Automotive sales and production are cyclical and can be affected by general economic or industry conditions, labor relations issues, fuel prices, regulatory requirements, government initiatives, trade agreements, the cost and availability of credit, and other factors. Due to overall global economic conditions, including COVID-19, in 2020, the automotive industry experienced decreased global customer sales and production schedules. Compared to 2019, global light vehicle production in 2020 decreased by 5% in China, 22% in the Americas, 21% in Europe and 16% globally. As a result, the Company has experienced and may continue to experience reductions in orders from OEM customers in certain regions.

The Company must continue to develop, introduce, and achieve market acceptance of new and enhanced products in order to grow its sales in the future

The growth of the Company's business will be dependent on the demand for innovative automotive electronics products, including but not limited to advanced driver assistance and autonomous vehicle technologies. In order to increase sales in current markets and gain entry into new markets, the Company must innovate to maintain and improve existing products, including software, while successfully developing and introducing distinctive new and enhanced products that anticipate changing customer and consumer preferences and capitalize upon emerging software technologies. However, the Company may experience difficulties that delay or prevent the development, introduction, or market acceptance of its new or enhanced products, or undiscovered software errors, bugs, and defects in its products may injure the Company's reputation. Furthermore, these new technologies have also attracted increased competition from outside the traditional automotive industry, and any of these competitors may develop and introduce technologies that gain greater customer or consumer acceptance, which could adversely affect the future growth of the Company.

The Company may not realize sales represented by awarded business

The Company estimates awarded business using certain assumptions, including projected future sales volumes. The OEM customers generally do not guarantee production volumes. In addition, awarded business may include business under arrangements that OEM customers have the right to terminate without penalty. Therefore, the Company's actual sales volumes, and thus the ultimate amount of revenue that it derives from such sales, are not committed. If actual production orders from its customers are not consistent with the projections used by the Company in calculating the amount of its awarded business, the Company could realize substantially less revenue over the life of these projects than the projected estimate.

The discontinuation or loss of business, or lack of commercial success, with respect to a particular product for which the Company is a significant supplier could reduce the Company's sales and harm its profitability

Although the Company has purchase orders from many of its customers, these purchase orders generally provide for the supply of a customer's annual requirements for a particular vehicle model and assembly plant, or in some cases, for the supply of a customer's requirements for the life of a particular vehicle model, rather than for the purchase of a specific quantity of products. In addition, certain customers have communicated an intent to manufacture components internally that are currently produced by outside suppliers, such as the Company. If the Company's OEM customers successfully insource products currently manufactured by the Company the discontinuation or loss of business for products which the Company is a significant supplier, could reduce the Company's sales and harm the Company's profitability.

Escalating price pressures from customers may adversely affect the Company's business

Downward pricing pressures by automotive manufacturers, while characteristic of the automotive industry, are increasing. Virtually all automakers have implemented aggressive price-reduction initiatives and objectives each year with their suppliers, and such actions are expected to continue in the future. In addition, estimating such amounts is subject to risk and uncertainties because any price reductions are a result of negotiations and other factors. Accordingly, suppliers must be able to reduce their

operating costs in order to maintain profitability. The Company has taken steps to reduce its operating costs and other actions to offset customer price reductions; however, price reductions have impacted the Company's sales and profit margins and are expected to continue to do so in the future. If the Company is unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives, and other cost-reduction initiatives, the Company's results of operations and financial condition will likely be adversely affected.

The Company is highly dependent on Ford Motor Company and decreases in this customer's vehicle production volumes would adversely affect the Company

Ford is one of the Company's largest ultimate customers and accounted for 22%, 22% and 26% of sales in 2020, 2019 and 2018, respectively. Accordingly, any change in Ford's vehicle production volumes may have a significant impact on the Company's sales volume and profitability.

Product Related Risk Factors

The Company's inability to effectively manage the timing, quality, and costs of new program launches could adversely affect its financial performance

In connection with the award of new business, the Company often obligates itself to deliver new products and services that are subject to its customers' timing, performance, and quality standards. Additionally, as a Tier 1 supplier, the Company must effectively coordinate the activities of numerous suppliers in order to launch programs successfully. Given the complexity of new program launches, especially involving new and innovative technologies, the Company may experience difficulties managing product quality, timeliness, and associated costs. In addition, new program launches require a significant ramp up of costs; however, the sales related to these new programs generally are dependent upon the timing and success of the introduction of new vehicles by the Company's customers. The Company's inability to effectively manage the timing, quality, and costs of these new program launches could adversely affect its results of operations, financial condition, and cash flows from operations.

Warranty claims, product liability claims, and product recalls could harm the Company's business, results of operations, and financial condition

The Company faces the inherent business risk of exposure to warranty and product liability claims in the event that its products fail to perform as expected or such failure results, or is alleged to result, in bodily injury or property damage (or both). In addition, if any of the Company's designed products are defective or are alleged to be defective, the Company may be required to participate in a recall campaign. The Company's products contain increasingly significant amounts of software and a successful cyberattack on such products could cause materially adverse effects on the Company's business, results of operations, and reputation. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, automakers are increasingly expecting them to warrant their products and are increasingly looking to suppliers for contributions when faced with product liability claims or recalls. A successful warranty or product liability claim against the Company in excess of its available insurance coverage and established reserves, or a requirement that the Company participate in a product recall campaign, could have materially adverse effects on the Company's business, results of operations, and financial condition.

Developments or assertions by or against the Company relating to intellectual property rights could materially impact its business

The Company owns significant intellectual property, including a number of patents, trademarks, copyrights, and trade secrets and is involved in numerous licensing arrangements. The Company's intellectual property plays an important role in maintaining its competitive position in a number of the markets served. The Company may utilize intellectual property in its products that requires a license from a third-party. While the Company believes that such licenses generally can be obtained, there is no assurance that the necessary licenses can be obtained on commercially acceptable terms or at all. Failure to obtain the right to use third-party intellectual property could preclude the Company from selling certain products and have materially adverse effects on the Company's business, results of operations, and financial condition. Developments or assertions by or against the Company relating to intellectual property rights could materially impact the Company's business.

The Company also derives significant revenue from countries outside the U.S. (including China) and significant intellectual property assets are licensed to joint ventures and customers in foreign jurisdictions. While the Company is not aware of any material intellectual property theft or forced transfer and believes it has appropriate protections in place, if such action were to

occur it could materially and adversely affect the Company's business, results of operations, and financial condition. In addition, the Company has continued to see an increase in patent claims related to connectivity-enabled products where other patent-holding companies are seeking royalties and often enter into litigation based on patent infringement allegations. Significant technological developments by others also could materially and adversely affect the Company's business, results of operations, and financial condition.

Privacy and security concerns relating to the Company's current or future products and services could damage its reputation and deter current and potential users from using them

The Company may gain access to sensitive, confidential, or personal data or information that is subject to privacy and security laws, regulations, and customer-imposed controls. Concerns about the Company's practices with regard to the collection, use, disclosure, or security of personal information or other privacy related matters, even if unfounded, could damage its reputation and adversely affect its operating results.

Furthermore, regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning cybersecurity and data protection. In addition, the interpretation and application of consumer and data protection laws in the U.S., Europe, and elsewhere are often uncertain and in flux. Complying with these various laws could cause the Company to incur substantial costs.

Tax Related Risk Factors

The Company's expected annual effective tax rate could be volatile and could materially change as a result of changes in mix of earnings and other factors

Changes in the Company's debt and capital structure, among other items, may impact its effective tax rate. The Company is in a position whereby losses incurred in certain tax jurisdictions generally provide no current financial statement benefit. In addition, certain jurisdictions have statutory rates greater than or less than the United States statutory rate. As such, changes in the mix and source of earnings between jurisdictions could have a significant impact on the Company's overall effective tax rate in future periods. Changes in tax law and rates, changes in rules related to accounting for income taxes, or adverse outcomes from tax audits that are regularly in process in any of the jurisdictions in which the Company operates could also have a significant impact on the Company's overall effective rate in future periods.

The Company may not be able to fully utilize its U.S. net operating losses and other tax attributes

The Company has net operating losses ("NOLs") and other tax attributes which could be limited if there is a subsequent change of ownership. If the Company were to have a change of ownership within the meaning of IRC Sections 382 and 383, its NOLs and other tax attributes could be limited to an amount equal to its market capitalization at the time of the ownership change multiplied by the federal long-term tax exempt rate. The Company cannot provide any assurance that such an ownership change will not occur, in which case the availability of the Company's NOLs and other tax attributes could be significantly limited or possibly eliminated. Certain tax benefit preservation provisions of its corporate documents could delay or prevent a change of control, even if that change would be beneficial to stockholders.

Recent changes in the U.S. federal income tax rules could adversely affect us and our shareholders

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law, making significant changes to the U.S. Internal Revenue Code. Changes included, but were not limited to, a corporate income tax rate decrease, the migration from a worldwide tax system to a territorial tax system with a one-time transition tax on cumulative post-1986 foreign earnings, a modification of the characterization and treatment of certain intercompany transactions, and the creation of a new U.S. corporate minimum tax on certain earnings of foreign subsidiaries. Any future changes in U.S. federal income tax rules could adversely impact Visteon's financial results.

Market Related Risk Factors

The Company is subject to significant foreign currency risks and foreign exchange exposure

As a result of Visteon's global presence, a significant portion of the Company's revenues and expenses is denominated in currencies other than the U.S. dollar. The Company is therefore subject to foreign currency risks and foreign exchange exposure. The Company's primary exposures are to the euro, Chinese renminbi, Brazilian real, Indian rupee, and Bulgarian lev. While the Company employs financial instruments to mitigate transactional foreign exchange exposure, including multi-year contracts, exchange rates are difficult to predict and such actions may not completely insulate the Company from those exposures. As a result, volatility in certain exchange rates could adversely impact Visteon financial results and comparability of results from period to period.

General Risk Factors

A disruption in the Company's information technology systems could adversely affect its business and financial performance

The Company relies on the accuracy, capacity, and security of its information technology systems as well as those of its customers, suppliers, partners, and service providers to conduct its business. Despite the security and risk-prevention measures the Company has implemented, the Company's systems could be breached, damaged, or otherwise interrupted by a system failure, cyber-attack, malicious computer software (malware), unauthorized physical or electronic access, or other natural or man-made incidents or disasters. The Company is also susceptible to security breaches that may go undetected. Such a breach or interruption could result in business disruption, theft of the Company intellectual property or trade secrets, and unauthorized access to personnel information. To the extent that business is interrupted or data is lost, destroyed, or inappropriately used or disclosed, such disruptions could adversely affect the Company's competitive position, relationships with customers, financial condition, operating results, and cash flows.

The Company is involved from time to time in legal proceedings and commercial or contractual disputes, which could have an adverse effect on its business, results of operations, and financial position

The Company is involved in legal proceedings and commercial or contractual disputes that, from time to time, are significant. These are typically claims that arise in the normal course of business including, without limitation, commercial or contractual disputes (including disputes with suppliers), intellectual property matters, personal injury claims, and employment matters. No assurances can be given that such proceedings and claims will not have a material adverse impact on the Company's profitability and financial position.

Climate change, climate change regulations and greenhouse effects could adversely impact the Company's operations and markets

Climate change and its association with greenhouse gas emissions is receiving increased attention from the scientific and political communities. The U.S. federal government, certain U.S. states, and certain other countries and regions have adopted or are considering legislation or regulation imposing overall caps or taxes on greenhouse gas emissions from certain sectors including automotive. Failure to comply with any legislation or regulation could potentially result in substantial fines, criminal sanctions, or operational changes. Moreover, even without such legislation or regulation, increased awareness of, or any adverse publicity regarding, the effects of greenhouse gases could harm the Company's reputation or reduce customer demand for our products and services.

Legislation to address global climate change, including but not limited to CO2 emission restrictions in Europe, may lead to early termination of current production contracts and/or reduced vehicle sales.

Additionally, as severe weather events become increasingly common, operations of the Company, its customers, and/or suppliers may be disrupted, which could result in increased operational costs or reduced demand for products and services. While the Company has invested in administration of programs and physical loss prevention improvements to mitigate the risk of natural disasters causing disruption to its ability to serve its customers and communities in times of need, extended periods of disruptions could have an adverse effect on its results of operations.

The Company's pension expense and funding levels of pension plans could materially deteriorate or the Company may be unable to generate sufficient excess cash flow to meet increased pension benefit obligations

The Company's assumptions used to calculate pension obligations as of the annual measurement date directly impact the expense to be recognized in future periods. While the Company's management believes that these assumptions are appropriate, significant differences in actual experience or significant changes in these assumptions may materially affect the Company's

pension obligations and future expense. For more information on sensitivities to changing assumptions, please see "Critical Accounting Estimates" in Item 7 and Note 12, "Employee Benefit Plans" in Part II, Item 8 of this Form 10-K.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

The Company's principal executive offices are located in Van Buren Township, Michigan. At December 31, 2020, the Company and its consolidated subsidiaries owned or leased approximately:

- 30 corporate offices, technical and engineering centers and customer service centers in 14 countries around the world, all of which were leased. .
- 15 Electronics manufacturing and/or assembly facilities in Mexico, Portugal, Russia, Slovakia, Tunisia, India, Japan, China, Thailand, and Brazil, of which 12 were leased and 3 were owned.

In addition, the Company's non-consolidated affiliates operate approximately 6 manufacturing and/or assembly locations, primarily in the Asia Pacific region. The Company considers its facilities to be adequate for its current uses.

Item 3. Legal Proceedings

Certain legal proceedings in which the Company is involved are discussed in Note 19, "Commitments and Contingencies" to the Company's consolidated financial statements included in Part II, Item 8 of this Form 10-K, "Financial Statements and Supplementary Data" and should be considered an integral part of Part I, Item 3, "Legal Proceedings."

Item 4. Mine Safety Disclosures

None

Item 4A. Information about Executive Officers and Key Employees

The following table shows information about the executive officers of the Company and other key employees as of February 1, 2021:

Name	Age	Position
Sachin S. Lawande	53	Director, President and Chief Executive Officer
Jerome J. Rouquet	53	Senior Vice President and Chief Financial Officer
Abigail S. Fleming	39	Vice President and Chief Accounting Officer
Matthew M. Cole	51	Senior Vice President, Product Delivery
Jochen Ladwig	47	Senior Vice President, Global Quality and Procurement
Brett D. Pynnonen	52	Senior Vice President and General Counsel
Joao Paulo Ribeiro	51	Senior Vice President, Operations and Supply Chain
Kristin E. Trecker	55	Senior Vice President and Chief Human Resources Officer
Robert R. Vallance	60	Senior Vice President, Customer Business Groups

Sachin S. Lawande has been Visteon's Chief Executive Officer, President and a director of the Company since June 29, 2015. Before joining Visteon, Mr. Lawande served as Executive Vice President and President, Infotainment Division of Harman International Industries, Inc., an automotive supplier, from July 2013 to June 2015. From July 2011 to June 2013, he served as Executive Vice President and President of Harman's Lifestyle Division, and from July 2010 to June 2011 as Executive Vice President and Co-President, Automotive Division. Prior to that he served as Harman's Executive Vice President and Chief Technology Officer since February 2009. Mr. Lawande joined Harman International in 2006, following senior roles at QNX Software Systems and 3Com Corporation. He also serves on the board of directors of Cognex Corporation, a leading worldwide provider of machine vision products that are widely used in automotive, consumer electronics, life sciences and logistics industries. Within the last five years, he also served on the board of directors of DXC Technology Company.

Jerome J. Rouquet has been Visteon's Senior Vice President and Chief Financial Officer since February 2020 (after joining the Company as Senior Vice President, Finance in January 2020). Prior to that, he held leadership roles of increasing responsibility at Federal-Mogul (a global supplier of automotive and industrial products), including Senior Vice President and Chief Financial Officer from January 2016 to September 2018, Chief Accounting Officer and Controller from July 2010 to January 2016, and Finance Director from March 1999 to July 2010. Following the acquisition of Federal-Mogul by Tenneco, Inc., he most recently served as Senior Vice President Finance, Motorparts from October 2018 to December 2019. From 1990 to 1996, Mr. Rouquet served in various roles at Imaje SA, from Logistics Manager to Financial Controller.

Abigail S. Fleming has been Visteon's Vice President and Chief Accounting Officer since joining the Company in August 2020. Prior to joining Visteon, Ms. Fleming was Executive Director and Assistant Controller of Tenneco Inc. (formerly Federal-Mogul, LLC), an automotive supplier, from March 2017 to August 2020, and Director, Capital Markets and Accounting Advisory Services at PricewaterhouseCoopers LLP from March 2015 to March 2017. Ms. Fleming began her career at PricewaterhouseCoopers in August 2004, and is a certified public accountant.

Matthew M. Cole has been Visteon's Senior Vice President, Product Delivery since January 2020 and Senior Vice President, Product Development from December 2016 to December 2019. Prior to that, he was Vice President, Product Development upon rejoining the Company in July 2014. From July 2011 to June 2014, he served as Vice President, Engineering at Johnson Controls, Inc., an automotive supplier. From July 2010 to June 2011, he served as Johnson Controls' Vice President, Product Management. Prior to that, he spent 19 years at Ford Motor Company and Visteon in product development, engineering and leadership positions in the U.S. and Asia.

Jochen Ladwig has been Visteon's Senior Vice President, Global Quality and Procurement since January 2020. Prior to that, he was Vice President, Global Procurement and Supplier Quality since joining the Company in October 2017. From April 2014 to September 2017, he served as Head of Procurement & Supplier Quality Connected Systems, Displays & Digital Content for Daimler AG. Prior to that, he held management positions of increasing responsibility at Daimler AG and DaimlerChrysler in procurement and supplier quality.

Brett D. Pynnonen has been Visteon's Senior Vice President and General Counsel since December 2016. Prior to that, he was Vice President and General Counsel since joining the Company in March 2016. Before joining Visteon he was Senior Vice President, General Counsel and Corporate Secretary of Federal-Mogul Holdings Corporation, a global automotive supplier.

from November 2007 to March 2016. Prior to that, he was General Counsel and Secretary of Covansys Corporation, a technology services company, and an attorney at the law firm of Butzel Long.

Joao Paulo Ribeiro has been Visteon's Senior Vice President, Manufacturing and Supply Chain since March 2020. Prior to that, he was Vice President, Manufacturing Operations since March 2014, and Managing Director, European Operations from October 2010 to March 2014. During his career with Visteon and Ford Motor Company, he has held management positions of increasing responsibility in manufacturing and operations.

Kristin E. Trecker has been Visteon's Senior Vice President and Chief Human Resources Officer ("CHRO") since joining the Company in May 2018. Before joining Visteon, she served as Executive Vice President and CHRO for Integer Holdings Corp. (formerly Greatbatch, Inc.), a medical device outsource manufacturer, from November 2015 to May 2017, and as Senior Vice President and CHRO of MTS Systems Corp., a global engineering firm, from February 2012 to October 2015. Prior to that Ms. Trecker spent 16 years with Lawson Software, Inc. in roles of increasing responsibility, ranging from Director of Compensation and Benefits to Senior Vice President of Human Resources.

Robert R. Vallance has been Visteon's Senior Vice President, Customer Business Groups since December 2016. Prior to that, he was Vice President, Customer Business Groups upon rejoining the Company in July 2014. From February 2008 to June 2015, he served as Vice President, Electronics Business Group of Johnson Controls, Inc., an automotive supplier. Prior to that, he spent 23 years at Ford Motor Company and Visteon in product development, program and commercial management, strategy and planning, product marketing and manufacturing.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

As of February 11, 2021, the Company had 27,915,661 shares of its common stock, \$0.01 par value per share, outstanding, which were owned by 3,384 shareholders of record.

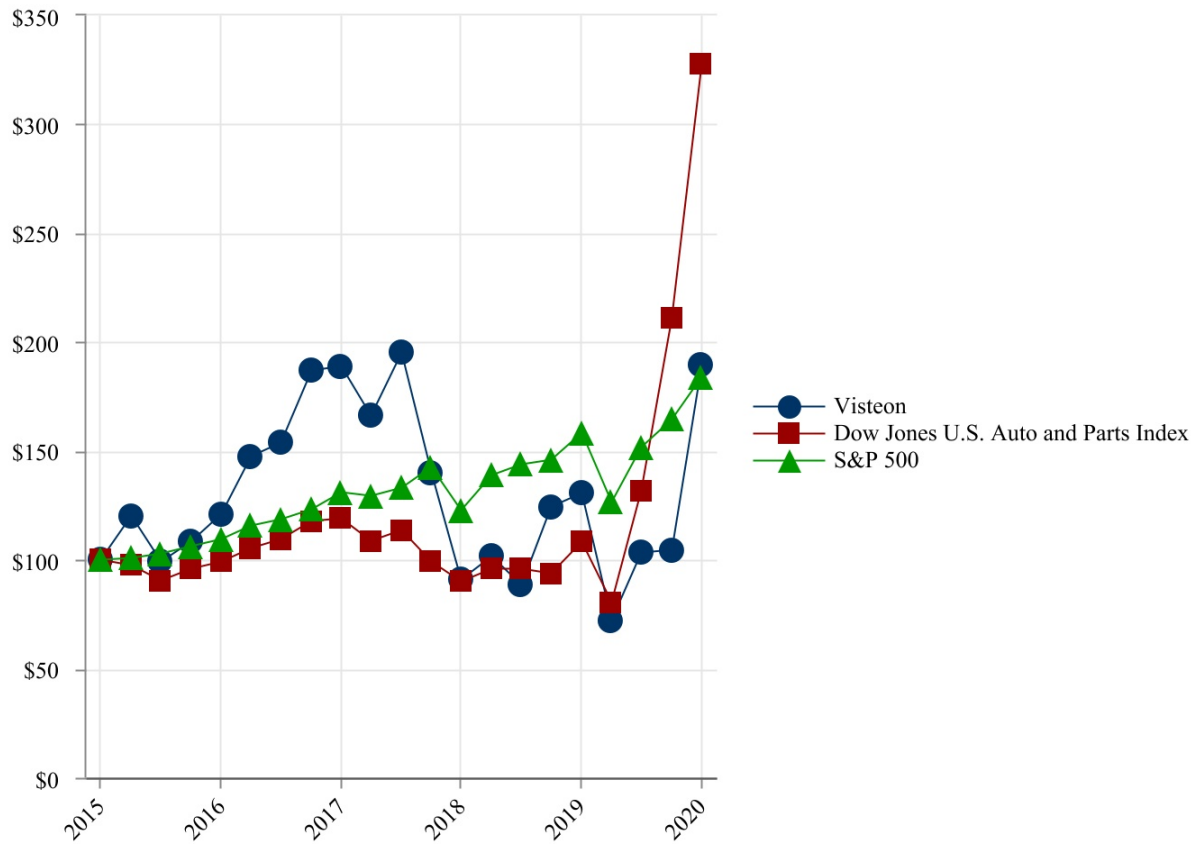
No dividends were paid by the Company on its common stock during the years ended December 31, 2020 and 2019. The Company's Board evaluates the Company's dividend policy based on all relevant factors. The Company's credit agreements limit the amount of cash payments for dividends that may be made. Additionally, the ability of the Company's subsidiaries to transfer assets is subject to various restrictions, including regulatory requirements and governmental restraints.

No sales of the Company's common stock were made by or on behalf of the Company or an affiliated purchaser during the fourth quarter of 2020.

The following information in Item 5 is not deemed to be "soliciting material" or be "filed" with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 ("Exchange Act") or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent the Company specifically incorporates it by reference into such a filing.

Performance Graph

The following graph compares the cumulative total stockholder return from December 31, 2015, through December 31, 2020, for Visteon's existing common stock, the S&P 500 Index and the Dow Jones U.S. Auto Parts Index. The graph below assumes that \$100 was invested on December 31, 2015, in each of the Company's common stock, the stocks comprising the S&P 500 Index and the stocks comprising the Dow Jones U.S. Auto Parts Index, and that all that dividends have been reinvested.



	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Visteon Corporation	\$100.00	\$121.14	\$188.69	\$90.89	\$130.56	\$189.26
Dow Jones U.S. Auto & Parts Index	\$100.00	\$99.16	\$118.75	\$89.79	\$108.33	\$327.60
S&P 500	\$100.00	\$109.54	\$130.81	\$122.65	\$158.07	\$183.77

The above comparisons are required by the Securities and Exchange Commission and are not intended to forecast or be indicative of possible future performance of the Company's common stock or the referenced indices.

Item 6. Selected Financial Data

None

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Management’s Discussion and Analysis (“MD&A”) is intended to help the reader understand the results of operations, financial condition, and cash flows of the Company. MD&A is provided as a supplement to, and should be read in conjunction with, the Company’s consolidated financial statements and related notes appearing in Item 8 of this Form 10-K “Financial Statements and Supplementary Data”.

Executive Summary

Strategic Priorities

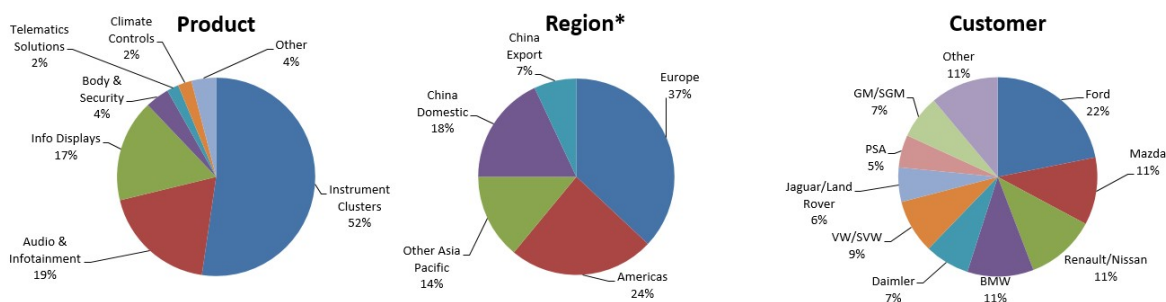
Visteon is a global automotive supplier that designs, engineers and manufactures innovative automotive electronics and connected car solutions for the world’s major vehicle manufacturers. The automotive electronics market is expected to grow faster than underlying vehicle production volumes as the vehicle shifts from analog to digital and towards device and cloud connectivity, electric vehicles, and more advanced safety features.

The Company has laid out the following strategic priorities:

- **Technology Innovation** - The Company is an established global leader in cockpit electronics and is positioned to provide solutions as the industry transitions to the next generation automotive cockpit experience. The cockpit is becoming fully digital, connected, automated, learning, and voice enabled. Visteon's broad portfolio of cockpit electronics technology, the industry's first wireless battery management system, and the development of the DriveCore™ advanced safety platform positions Visteon to support these macro trends in the automotive industry.
- **Long-Term Growth and Margin Expansion** - The Company has continued to win business at a rate that exceeds current sales levels by demonstrating product quality, technical and development capability, new product innovation, reliability, timeliness, product design, manufacturing capability, and flexibility, as well as overall customer service.
- **Enhance Shareholder Returns** - The Company has returned approximately \$3.3 billion to shareholders since 2015 through a combination of ongoing share repurchases and a onetime \$1.75 billion special distribution in 2016.

Financial Results

The pie charts below highlight the sales breakdown for Visteon for the year ended December 31, 2020.



*Regional sales are based on the geographic region where sale originates and not where customer is located (excludes inter-regional eliminations).
Global Automotive Market Conditions and Production Levels

During 2020 global light vehicle production decreased 16.2% as compared to 2019 primarily due to closed or significantly reduced production at manufacturing facilities due to COVID-19.

Light vehicle production levels for 2020 and 2019 by geographic region are provided below:

(In millions)	Light Vehicle Production		
	2020	2019	Change
Global	74.5	88.9	(16.2)%
China	23.6	24.7	(4.5)%
Other Asia-Pacific	17.3	21.5	(19.5)%
Europe	16.6	21.1	(21.3)%
Americas	15.3	19.6	(21.9)%
Other	1.7	2.0	(15.0)%

Source: IHS Automotive, January 2021

The automotive industry was negatively impacted in 2020 by the COVID-19 pandemic, with industry production coming to a stop at most locations at varying times throughout the first half of the year, followed by a faster than anticipated recovery in the second half of the year.

This recovery has led to a worldwide semiconductor supply shortage in early 2021, as semiconductor suppliers have been unable to rapidly reallocate production lines to serve the automotive industry. The magnitude of the impact on the Company's 2021 financial statements and results of operations and cash flows will depend on the semiconductor supply shortage, related plant production schedules and supply chain impacts.

Company Highlights

Visteon proactively implemented actions early in 2020 focused on actively generating cash and aggressively adjusting its cost base. To mitigate the impact caused by the COVID-19 pandemic, Visteon implemented a series of restructuring programs, introduced strict cost controls, reduced discretionary spending, and enacted a temporary salary reduction for all salaried employees. In addition, Visteon implemented a comprehensive set of safety protocols to protect the health and safety of employees and manufactured and donated approximately 50,000 protective face shields to front line workers around the world.

As a result, Adjusted EBITDA (a non-U.S. GAAP financial measure, as defined in Note 20, "Segment Information and Revenue Recognition" to the Company's consolidated financial statements included in Item 8 of this Form 10-K) was \$192 million or 7.5% of net sales for the year ended December 31, 2020. As of December 31, 2020, cash, equivalents, and restricted cash was \$500 million and debt was \$349 million, equating to a net cash position of \$151 million.

Visteon also made significant progress towards its long-term strategic priorities of technology innovation, long-term growth, and margin expansion. In 2020, Visteon continued to set the groundwork for sustainable market out-performance driven by new business wins and new product launches. For the full-year, Visteon was awarded \$4.6 billion in new business and 55 new product launches, despite the challenges caused by COVID-19.

Visteon also continued to enhance its technology capabilities through its software platform strategy, which creates scalable, cost-efficient, and quick to market products while also introducing innovative new products. In 2020, Visteon introduced the industry's first wireless battery management system, which replaces wired connections between the subsystems with highly secure and reliable wireless communication technology. This solution supports multiple charging protocols with a safe, modular, and scalable design to meet OEM cost, weight, battery pack configuration, and packaging requirements.

The Company's consolidated results of operations for the years ended December 31, 2020 and 2019 were as follows:

(In millions)	Year Ended December 31,		
	2020	2019	Change
Net sales	\$ 2,548	\$ 2,945	\$ (397)
Cost of sales	(2,303)	(2,621)	318
Gross margin	245	324	(79)
Selling, general and administrative expenses	(193)	(221)	28
Restructuring expense, net	(76)	(4)	(72)
Interest expense, net	(11)	(9)	(2)
Equity in net income of non-consolidated affiliates	6	6	—
Other income, net	9	10	(1)
Income (loss) before income taxes	(20)	106	(126)
Provision for income taxes	(28)	(24)	(4)
Net income (loss) from continuing operations	(48)	82	(130)
Net income (loss) from discontinued operations, net of tax	—	(1)	1
Net income (loss)	(48)	81	(129)
Net (income) loss attributable to non-controlling interests	(8)	(11)	3
Net income (loss) attributable to Visteon Corporation	\$ (56)	\$ 70	\$ (126)
Adjusted EBITDA*	\$ 192	\$ 234	\$ (42)

* Adjusted EBITDA is a Non-U.S. GAAP financial measure, as defined in Note 20, "Segment Information and Revenue Recognition" to the Company's consolidated financial statements included in Item 8 of this Form 10-K.

Results of Operations - 2020 Compared with 2019

Net Sales and Cost of Sales

(In millions)	Net Sales	Cost of Sales	Gross Margin
December 31, 2019	\$ 2,945	\$ (2,621)	\$ 324
Volume, mix, and net new business	(318)	128	(190)
Customer pricing, net	(58)	—	(58)
Currency	(13)	5	(8)
Engineering costs, net	—	93	93
Cost performance, design changes and other	(8)	92	84
December 31, 2020	\$ 2,548	\$ (2,303)	\$ 245

Net sales for the year ended December 31, 2020 totaled \$2,548 million, which represents a decrease of \$397 million compared with 2019. Unfavorable volumes, primarily due to the impacts of COVID-19, and mix, partially offset by net new business, decreased net sales by \$318 million. Customer pricing decreased net sales by \$58 million. Unfavorable currency decreased net sales by \$13 million, primarily attributable to the euro, Chinese renminbi, Brazilian real and Indian rupee. Other cost performance, primarily related to design changes, reduced sales by \$8 million.

Cost of sales decreased \$318 million for the year ended December 31, 2020, when compared with 2019. Lower volumes, primarily due to the impacts of COVID-19, partially offset by unfavorable product mix, decreased cost of sales by \$128 million. Engineering costs, excluding currency, decreased cost of sales by \$93 million. Foreign currency decreased cost of sales by \$5 million primarily attributable to the euro, Chinese renminbi, Indian rupee, Brazilian real, and Bulgarian lev. Favorable cost performance including material design, usage, and economics decreased cost of sales by \$92 million.

A summary of net engineering costs is shown below:

(In millions)	Year Ended December 31,	
	2020	2019
Gross engineering costs	\$ (335)	\$ (440)
Engineering recoveries	134	140
Engineering costs, net	\$ (201)	\$ (300)

Gross engineering includes program development costs and advanced engineering activities, excluding contractually reimbursable engineering costs. Net engineering costs of \$201 million for the year ended December 31, 2020, including the impacts of currency, were \$99 million lower than 2019, primarily related to short-term and long-term cost reduction initiatives including the benefits of previously announced restructuring actions implemented to optimize the structure while supporting future growth.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses were \$193 million, or 7.6% of net sales, and \$221 million, or 7.5% of net sales, during the years ended December 31, 2020 and 2019, respectively. The decrease of \$28 million is primarily related to temporary salary reductions in 2020, other cost reduction initiatives, and the impacts of previously announced restructuring actions.

Restructuring Expense, Net

Restructuring actions initiated during 2020 include the following:

- In January, the Company approved a plan primarily related to European engineering and administrative functions to improve the Company's efficiency and rationalize its footprint. The Company incurred \$26 million of net restructuring expense for cash severance, retention, and termination costs related to this plan.
- In March, the Company approved a global restructuring plan impacting engineering, administrative and manufacturing functions to improve the Company's efficiency and rationalize its footprint. The Company incurred \$16 million of net restructuring expense for cash severance, retention, and termination costs related to this plan.
- In September, the Company approved a plan to respond to COVID-19 impacts while at the same time improving efficiency and rationalizing the Company's footprint. The Company has incurred \$32 million of net restructuring expense related to this plan.
- In December, the Company approved a plan related to engineering, administrative, and manufacturing functions in Asia to improve the Company's efficiency and rationalize its footprints. The Company has incurred \$2 million in restructuring costs relation to this plan.

During 2019, the Company recorded approximately \$4 million of net restructuring expenses related to end of life of certain products and the optimization of certain operations.

Interest Expense, Net

Net interest expense for the year ended December 31, 2020, was \$11 million, representing an increase of \$2 million as compared to 2019. The increase is primarily due to the first quarter 2020 borrowing of \$400 million under the Company's revolving credit facility. The Company fully repaid the amount borrowed during the third quarter of 2020 following stronger than expected industry recovery and improved Company performance.

Equity in Net Income of Non-Consolidated Affiliates

Equity in net income of non-consolidated affiliates was \$6 million for the years ended December 31, 2020 and 2019.

Other Income, Net

Other income, net consists of the following:

(In millions)	Year Ended December 31,	
	2020	2019
Pension financing benefits, net	\$ 14	\$ 10
Pension settlement charge	(5)	—
	<u>\$ 9</u>	<u>\$ 10</u>

During 2020, the Company transferred a portion of the benefit obligation related to its defined benefit U.S. pension plan to a third-party issuer. The transaction met the criteria for settlement accounting, and accordingly the Company recognized a \$5 million pension settlement charge in the fourth quarter of 2020.

Income Taxes

The Company's provision for income taxes was \$28 million for year ended December 31, 2020 and reflects income tax expense related to those countries where the Company is profitable; accrued withholding taxes; ongoing assessments related to the recognition and measurement of uncertain tax benefits; the inability to record a tax benefit for pretax losses (including the U.S.) and/or recognize tax expense for pretax income in certain jurisdictions due to valuation allowances; and other non-recurring tax items.

The Company's provision for income taxes increased \$4 million for the year ended December 31, 2020, compared with 2019. The increase in tax expense reflects the reassessment of the 2020 valuation allowances in connection with the realization of deferred tax assets in Germany and Brazil, as well as the non-recurrence of a 2019 discrete income tax valuation allowance release in Germany, resulting in an increase in income tax expense of \$19 million. Other changes in the Company's deferred tax asset valuation allowances did not materially impact net tax expense during the years ended December 31, 2020 or 2019. The increases described above were partially offset by approximately \$15 million decrease in income tax expense primarily due to changes in the mix of earnings and differing tax rates between jurisdictions which reflects the overall decrease in earnings in jurisdictions where the Company is profitable and withholding taxes.

Discontinued Operations

During 2019, the Company recorded a \$1 million charge for legal expenses related to former employees at a closed plant in Brazil.

Net Income (Loss) Attributable to Visteon

Net loss attributable to Visteon was \$56 million for the year ended December 31, 2020, compared to net income of \$70 million for 2019. The decrease of \$126 million is related to a decrease in gross margin of \$79 million, higher restructuring expense of \$72 million, and higher provision for income taxes of \$4 million. These decreases were partially offset by lower selling, general and administrative expense of \$28 million, and lower other income, net of \$1 million.

Adjusted EBITDA

Adjusted EBITDA was \$192 million for the year ended December 31, 2020, representing a decrease of \$42 million when compared with Adjusted EBITDA of \$234 million for 2019. Unfavorable volumes, primarily due to the impacts of COVID-19, and mix reduced Adjusted EBITDA by \$190 million. Foreign currency decreased Adjusted EBITDA by \$7 million, primarily attributable to the euro, Chinese renminbi, Brazilian real and Japanese yen, partially offset by the Mexican peso and Bulgarian lev. Lower net engineering costs, excluding currency, increased Adjusted EBITDA by \$93 million. Favorable cost performance of \$128 million, including material, design, and usage economics, lower manufacturing costs, lower selling and general and administrative expenses more than offset annual customer pricing of \$58 million.

The reconciliation of Adjusted EBITDA to net income attributable to Visteon for the years ended December 31, 2020 and 2019 is as follows:

(In millions)	Year Ended December 31,		
	2020	2019	Change
Net income (loss) attributable to Visteon Corporation	\$ (56)	\$ 70	\$ (126)
Depreciation and amortization	104	100	4
Restructuring expense, net	76	4	72
Provision for income taxes	28	24	4
Non-cash, stock-based compensation expense	18	17	1
Interest expense, net	11	9	2
Net (income) loss attributable to non-controlling interests	8	11	(3)
Net income (loss) from discontinued operations, net of tax	—	1	(1)
Equity in net income of non-consolidated affiliates	(6)	(6)	—
Other, net	9	4	5
Adjusted EBITDA	<u>\$ 192</u>	<u>\$ 234</u>	<u>\$ (42)</u>

The Company's consolidated results of operations for the years ended December 31, 2019 and 2018 were as follows:

(In millions)	Year Ended December 31,		
	2019	2018	Change
Net sales	\$ 2,945	\$ 2,984	\$ (39)
Cost of sales	(2,621)	(2,573)	(48)
Gross margin	324	411	(87)
Selling, general and administrative expenses	(221)	(193)	(28)
Restructuring expense, net	(4)	(29)	25
Interest expense, net	(9)	(7)	(2)
Equity in net income of non-consolidated affiliates	6	13	(7)
Other income, net	10	21	(11)
Income (loss) before income taxes	106	216	(110)
Provision for income taxes	(24)	(43)	19
Net income (loss) from continuing operations	82	173	(91)
Net (income) loss from discontinued operations, net of tax	(1)	1	(2)
Net income (loss)	81	174	(93)
Net income attributable to non-controlling interests	(11)	(10)	(1)
Net income (loss) attributable to Visteon Corporation	<u>\$ 70</u>	<u>\$ 164</u>	<u>\$ (94)</u>
Adjusted EBITDA*	<u>\$ 234</u>	<u>\$ 330</u>	<u>\$ (96)</u>

* Adjusted EBITDA is a Non-U.S. GAAP financial measure, as defined in Note 20, "Segment Information and Revenue Recognition" to the Company's consolidated financial statements included in Item 8 of this Form 10-K.

Results of Operations - 2019 Compared with 2018

Net Sales and Cost of Sales

(In millions)	<u>Net Sales</u>	<u>Cost of Sales</u>	<u>Gross Margin</u>
December 31, 2018	\$ 2,984	\$ (2,573)	\$ 411
Volume, mix, and net new business	22	(91)	(69)
Currency	(59)	47	(12)
VFAE consolidation	38	(32)	6
Customer pricing and other	(71)	—	(71)
Engineering cost, net	—	(21)	(21)
Cost performance	31	49	80
December 31, 2019	<u>\$ 2,945</u>	<u>\$ (2,621)</u>	<u>\$ 324</u>

Net sales for the year ended December 31, 2019 totaled \$2,945 million, which represents a decrease of \$39 million compared with 2018. Unfavorable currency decreased net sales by \$59 million, primarily attributable to the euro, Chinese renminbi, Brazilian real and Indian rupee. Net new business, partially offset by unfavorable volumes and mix, increased net sales by \$22 million. Mix reflects the Company-specific content across programs. The consolidation of a previously non-consolidated affiliate, Changchun Visteon FAWAY Auto Electronics Co., Ltd. ("VFAE"), during the third quarter 2018 increased net sales \$38 million. Other reductions, primarily associated with customer pricing, decreased net sales by \$71 million. Design changes and other revenue claims increased net sales by \$31 million.

Cost of sales increased \$48 million for the year ended December 31, 2019, when compared with 2018. Net new business and mix, partially offset by unfavorable volumes, increased cost of sales by \$91 million. Foreign currency decreased cost of sales by \$47 million primarily attributable to the euro, Chinese renminbi, Indian rupee, Brazilian real, and Bulgarian lev. Engineering costs, excluding currency and the consolidation of VFAE, increased cost of sales by \$21 million. Favorable cost performance including material, design and usage economics, decreased cost of sales by \$49 million in 2019. The consolidation of VFAE during 2018 increased cost of sales \$32 million.

A summary of net engineering costs is shown below:

(In millions)	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Gross engineering costs	\$ (440)	\$ (431)
Engineering recoveries	140	145
Engineering costs, net	<u>\$ (300)</u>	<u>\$ (286)</u>

Gross engineering includes program development costs and advanced engineering activities, excluding contractually reimbursable engineering costs. Net engineering costs, of \$300 million for the year ended December 31, 2019, including the impacts of currency and the consolidation of VFAE, were \$14 million higher than 2018, primarily related to costs to support the Company's new business wins.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses were \$221 million, or 7.5% of net sales, and \$193 million, or 6.5% of net sales, during the years ended December 31, 2019 and 2018, respectively. The increase of \$28 million is related to higher stock compensation expense due to the 2018 resolution of a legal matter as further described in Note 19, "Commitments and Contingencies," to the Company's consolidated financial statements included in Item 8 of this Form 10-K, along with higher incentive compensation costs, bad debt expense, personnel costs, and the consolidation of VFAE, partially offset by favorable currency.

Restructuring Expense, Net

During the first quarter of 2019, the Company approved a restructuring program impacting two European manufacturing facilities due to the end of life of certain product lines. During the year ended December 31, 2019, the Company recorded net restructuring expense of \$2 million related to this program.

During the third quarter of 2018, the Company approved a restructuring program impacting engineering and administrative functions to optimize operations. During the years ended December 31, 2019 and December 31, 2018, the Company recorded net restructuring expense of \$1 million and \$19 million related to this program.

During the second quarter of 2018, the Company approved a restructuring program impacting legacy employees at a South America facility and employees at North America manufacturing facilities due to the wind-down of certain products. During, the years ended December 31, 2019 and December 31, 2018, the Company recorded net restructuring expense of \$1 million and \$5 million related to this plan.

During 2016, the Company approved a restructuring program impacting engineering and administrative functions to further align the Company's footprint with its core product technologies and customers. During the year ended December 31, 2018, the Company recorded net restructuring expense of \$5 million related to this program.

During the year ended December 31, 2018, the Company recorded approximately \$1 million associated with a former European Interiors facility related to settlement of employee severance litigation.

Interest Expense, Net

Net interest expense for the year ended December 31, 2019, was \$9 million, representing an increase of \$2 million when compared to 2018. The increase is primarily due to lower interest income on short-term investments.

Equity in Net Income of Non-Consolidated Affiliates

Equity in net income of non-consolidated affiliates was \$6 million and \$13 million for the years ended December 31, 2019 and 2018, respectively. The decrease in income is primarily attributable to the Company's equity interest in Yanfeng Visteon Investment Company due to decreases in engineering services, and to the elimination of equity income due to the consolidation of VFAE in the third quarter of 2018.

Other Income, Net

Other income, net consists of the following:

(In millions)	Year Ended December 31,	
	2019	2018
Pension financing benefits, net	\$ 10	\$ 13
Transformation initiatives	—	4
Gain on non-consolidated affiliate transactions, net	—	4
	<u>\$ 10</u>	<u>\$ 21</u>

Transformation initiatives during the year ended December 31, 2018 include a \$4 million benefit related to the resolution of a legal matter as further described in Note 19, "Commitments and Contingencies" to the Company's consolidated financial statements included in Item 8 of this Form 10-K.

On September 1, 2018, Visteon acquired an additional 1% ownership interest in VFAE, a former non-consolidated affiliate, resulting in a total 51% controlling interest and a non-cash gain of \$4 million as further described in Note 2, "Discontinued Operations" to the Company's consolidated financial statements included in Item 8 of this Form 10-K.

Income Taxes

The Company's provision for income taxes was \$24 million for year ended December 31, 2019 and reflects income tax expense related to those countries where the Company is profitable; accrued withholding taxes; ongoing assessments related to the recognition and measurement of uncertain tax benefits; the inability to record a tax benefit for pretax losses and/or recognize tax expense for pretax income in certain jurisdictions (including the U.S.) due to valuation allowances; and other non-recurring tax items.

The Company's provision for income taxes decreased \$19 million for the year ended December 31, 2019, compared with 2018. The decrease in tax expense includes approximately \$15 million primarily attributable to the overall decrease in year-over-year earnings, including changes in the mix of earnings and differing tax rates between jurisdictions, and withholding taxes. During the first quarter of 2019, the closure of tax audits in Germany allowed the Company to initiate a tax planning strategy previously determined not to be prudent. This strategy provided the necessary positive evidence to support the future utilization of a portion of the Company's deferred tax assets in Germany resulting in a \$12 million income tax benefit recognized in 2019.

Other changes in the Company's deferred tax asset valuation allowances did not materially impact net tax expense during the years ended December 31, 2019 or 2018. These decreases in the tax provision were partially offset by the \$8 million increase in tax expense related to uncertain tax positions, primarily attributable by the non-recurrence of a \$6 million income tax benefit in connection with uncertain tax positions related to goodwill tax amortization at an affiliate in Asia, and \$2 million income tax expense primarily related to certain transfer pricing positions taken between affiliates in Europe and the U.S.

Discontinued Operations

During 2019, the Company recorded a \$1 million charge for legal expenses related to former employees at a closed plant in Brazil.

During the first quarter of 2018, the Company recognized a \$3 million benefit related to the resolution of a legal matter as further described in Note 19, "Commitments and Contingencies" in the Company's consolidated financial statements included in Item 8 of this Form 10-K. During 2018 the Company recorded a \$4 million charge for legal expenses related to former employees at a closed plant in Brazil.

The Company recorded a \$4 million income tax benefit during 2018 related to uncertain tax positions in connection with the Climate transaction, resulting from statute expiration.

Net Income

Net income attributable to Visteon was \$70 million for the year ended December 31, 2019, compared to net income of \$164 million for 2018. The decrease of \$94 million includes a decrease in gross margin of \$87 million, higher selling, general and administrative expense of \$28 million, lower other income, net of \$11 million, and lower equity in net income of non-consolidated affiliates of \$7 million. These decreases were partially offset by lower restructuring expense of \$25 million, and lower provision for income taxes of \$19 million.

Adjusted EBITDA

Adjusted EBITDA was \$234 million for the year ended December 31, 2019, representing a decrease of \$96 million when compared with Adjusted EBITDA of \$330 million for 2018. Unfavorable volumes and mix reduced Adjusted EBITDA by \$69 million. Foreign currency decreased Adjusted EBITDA by \$7 million, attributable to the euro, Chinese renminbi, Brazilian real and Japanese yen, partially offset by the Mexican peso and Bulgarian lev. Higher net engineering costs, excluding currency and the consolidation of VFAE, decreased Adjusted EBITDA by \$21 million. Adjusted EBITDA was negatively impacted by annual customer pricing of \$71 million, which was partially offset by favorable cost performance of \$68 million. The consolidation of VFAE, during the third quarter of 2018, increased Adjusted EBITDA by \$4 million.

The reconciliation of Adjusted EBITDA to net income attributable to Visteon for the years ended December 31, 2019 and 2018 is as follows:

(In millions)	Year Ended December 31,		
	2019	2018	Change
Net income (loss) attributable to Visteon Corporation	\$ 70	\$ 164	\$ (94)
Depreciation and amortization	100	91	9
Restructuring expense, net	4	29	(25)
Interest expense, net	9	7	2
Equity in net income of non-consolidated affiliates	(6)	(13)	7
Provision for income taxes	24	43	(19)
Net (income) loss from discontinued operations, net of tax	1	(1)	2
Net income attributable to non-controlling interests	11	10	1
Non-cash, stock-based compensation expense	17	8	9
Other, net	4	(8)	12
Adjusted EBITDA	<u>\$ 234</u>	<u>\$ 330</u>	<u>\$ (96)</u>

Liquidity

Overview

The Company's primary sources of liquidity are cash flows from operations, existing cash balances, and borrowings under available credit facilities. As we continue to confront the many challenges caused by the impact of COVID-19, including governmental actions to mitigate the pandemic and supply chain disruptions, the Company believes that funds from these sources will be sufficient to sustain ongoing operations and support investment in differentiating technologies. The Company will continue to closely monitor and preserve its available liquidity and maintain access to additional liquidity to as needed. The Company's intra-year needs are normally impacted by seasonal effects in the industry, such as mid-year shutdowns, the ramp-up of new model production, and year-end shutdowns at key customers.

A substantial portion of the Company's cash flows from operations are generated by operations located outside of the United States. Accordingly, the Company utilizes a combination of cash repatriation strategies, including dividends and distributions, royalties, and other intercompany arrangements to provide the funds necessary to meet obligations globally. The Company's ability to access funds from its subsidiaries is subject to, among other things, customary regulatory and statutory requirements and contractual arrangements including joint venture agreements and local credit facilities. Moreover, repatriation efforts may be modified by the Company according to prevailing circumstances.

On March 19, 2020, the Company borrowed the entire \$400 million amount available under the revolving credit facility. On September 24, 2020, the Company fully repaid the amount borrowed under the Revolving Credit Facility following stronger than expected industry recovery and improved Company performance in the third quarter of 2020.

Access to additional capital through the debt or equity markets is influenced by the Company's credit ratings. As of December 31, 2020, the Company's corporate credit rating is Ba3 and BB- by Moody's and Standard & Poor's, respectively. See Note 11, "Debt" in the Company's consolidated financial statements included in Item 8 of this Form 10-K for a comprehensive discussion of the Company's debt facilities. Incremental funding requirements of the Company's consolidated foreign entities are primarily accommodated by intercompany cash pooling structures. Affiliate working capital lines, which are

utilized by the Company's consolidated joint ventures, had availability of \$182 million and the Company had \$400 of available credit under the revolving credit facility, as of December 31, 2020.

Cash Balances

As of December 31, 2020, the Company had total cash of \$500 million, including \$4 million of restricted cash. Cash balances totaling \$406 million were located in jurisdictions outside of the United States, of which approximately \$190 million is considered permanently reinvested for funding ongoing operations outside of the U.S. If such permanently reinvested funds were repatriated to the U.S., no U.S. federal taxes would be imposed on the distribution of such foreign earnings due to U.S. tax reform enacted in December 2017, but the Company would be required to accrue additional tax expense, primarily related to foreign withholding taxes.

Other Items Affecting Liquidity

During the year ended December 31, 2020, cash contributions to the Company's U.S. defined benefit pension plans were \$18 million and cash contributions of \$6 million related to its non-U.S. employee retirement plans. Contributions related to certain non-U.S. plans of approximately \$2 million have been deferred until 2024 due to COVID-19 relief measures. Additionally, the Company expects to make contributions to its U.S. defined benefit pension plans of \$17 million and non-US defined benefit pension plans of \$7 million during 2021. The Company's expected 2021 contributions may be revised.

During the year ended December 31, 2020, the Company paid \$32 million related to restructuring activities. Additional discussion regarding the Company's restructuring activities is provided in Note 4, "Restructuring Activities" in the Company's consolidated financial statements included in Item 8 of this Form 10-K.

The Company has committed to make a \$15 million investment in two entities principally focused on the automotive sector pursuant to limited partnership agreements. As of December 31, 2020, the Company has contributed \$5 million toward the aggregate investment commitments. As a limited partner in each entity, the Company will periodically make capital contributions toward this total commitment amount.

Purchase Obligations

As of December 31, 2020, the Company has contractual purchase obligations of approximately \$75 million through 2023.

Cash Flows

Operating Activities

Notwithstanding the significant actions implemented by the Company to substantially mitigate the impacts of the COVID-19 pandemic, the Company generated \$168 million of cash from operating activities during the year ended December 31, 2020, as compared to \$183 million during 2019 representing a \$15 million decrease.

Lower cash flow from operating activities was primarily due to lower net income of \$129 million. Favorable changes in accounts receivable, partially attributable to \$40 million of higher than anticipated customer receipts during the final month of 2020, were more than offset by unfavorable changes in inventory and accounts payable balances resulting in lower trade working capital of \$17 million in 2020 as compared to 2019. These unfavorable impacts were partially offset by lower cash tax payments, higher net recoveries of reimbursable taxes and higher net proceeds received from customers to fund the Company's pre-production design, engineering and tooling costs necessary to support current and future programs.

The Company generated \$183 million of cash from operating activities during the year ended December 31, 2019, as compared to \$204 million during 2018, representing a \$21 million decrease in cash provided from operations. The decrease in operating cash flows is due to lower net income of \$93 million, partially offset by higher depreciation, increased stock based compensation expense, lower equity income of non-consolidated affiliates, net of dividends and other non-cash adjustments totaling \$38 million. In addition, improved trade working capital performance of \$27 million and favorable changes of other assets and other liabilities of \$7 million further reduced the impact of lower net income on net cash from operating activities during the year ended December 31, 2019.

Investing Activities

Net cash used by investing activities during the year ended December 31, 2020 totaled \$98 million, as compared to \$128 million in 2019, representing a decrease of \$30 million. Net cash used by investing activities during the year ended December 31, 2020 is primarily attributable to capital expenditures of \$104 million to support new business, offset by proceeds from net investment hedging transactions and loan repayments received from a non-consolidated affiliate.

Net cash used by investing activities during the year ended December 31, 2019 totaled \$128 million, as compared to \$98 million in 2018, representing an increase in cash used by investing activities of \$30 million. Net cash used by investing activities during the year ended December 31, 2019 is primarily attributable to capital expenditures of \$142 million, partially offset by net loan repayment proceeds received from non-consolidated affiliates of \$11 million. Net cash used by investing activities during year ended December 31, 2018, included capital expenditures of \$127, partially offset by cash acquired from the consolidation of VFAE of \$16 million and \$13 million of other net proceeds primarily attributable to the settlement of certain agreements related to the Interiors Divestiture.

Financing Activities

Net cash used by financing activities during the year ended December 31, 2020, totaled \$58 million as compared to \$49 million for 2019, representing an increase of \$9 million, primarily attributable to an increase in short-term debt repayment partially offset by a decrease of common stock repurchases.

Net cash used by financing activities during the year ended December 31, 2019, totaled \$49 million, compared to \$335 million for 2018, representing a decrease in net cash used by financing activities of \$286 million. Lower net cash used by financing activities during the year ended December 31, 2019 as compared to 2018 is primarily attributable to lower share repurchase transactions of \$280 million. Activity during 2018 also includes dividends paid to non-controlling interests of \$28 million, distribution payments of \$14 million and proceeds from an increase in short-term debt of \$12 million.

Debt and Capital Structure

See "Liquidity" above and also see Note 11, "Debt" and Note 15, "Stockholders' Equity and Non-controlling Interests" to the Company's consolidated financial statements included in Item 8 of this Form 10-K for further information.

Fair Value Measurements

See Note 17, "Fair Value Measurements" to the Company's consolidated financial statements included in Item 8 of this Form 10-K for additional information.

Critical Accounting Estimates

The Company's significant accounting policies have been disclosed in the consolidated financial statements and accompanying notes under Note 1, "Summary of Significant Accounting Policies" to the Company's consolidated financial statements included in Item 8 of this Form 10-K for further information. Certain policies relate to estimates that involve matters that are highly uncertain at the time the accounting estimate is made and different estimates or changes to an estimate could have a material impact on the reported financial position, changes in financial condition or results of operations. Such critical estimates are discussed below. For these, materially different amounts could be reported under varied conditions and assumption. Other items in the Company's consolidated financial statements require estimation, however, in our judgment, they are not as critical as those discussed below.

Revenue Recognition

Revenue is measured based on the transaction price and the quantity of parts specified in a contract with a customer. Discrete price adjustments may occur during the vehicle production period in order for the Company to remain competitive with market prices or based on changes in product specifications. Some of these price adjustments are non-routine in nature and require estimation. In the event the Company concludes that a portion of the revenue for a given part may vary from the purchase order, the Company records consideration at the most likely amount to which the Company expects to be entitled based on historical experience and input from customer negotiations. See Note 1, "Summary of Significant Accounting Policies" in the Company's consolidated financial statements included in Item 8 of this Form 10-K for additional information.

Product Warranty and Recall

The Company accrues for warranty obligations for products sold based on management estimates, with support from the Company's sales, engineering, quality, and legal functions, of the amount that eventually will be required to settle such obligations. This accrual is based on several factors including contractual arrangements, past experience, current claims, production changes, industry developments, and various other considerations. The Company accrues for product recall claims related to potential financial participation in customer actions to provide remedies as a result of actual or threatened regulatory or court actions or the Company's determination of the potential for such actions. The Company's accrual for recall claims is based on specific facts and circumstances underlying individual claims with support from the Company's engineering, quality, and legal functions. Amounts accrued are based upon management's best estimate of the amount that will ultimately be required to settle such claims. See Note 19, "Commitments and Contingencies" in the Company's consolidated financial statements included in Item 8 of this Form 10-K for additional information.

Restructuring

The Company accrues costs in connection with its restructuring of the engineering, administration organization and manufacturing. These accruals include estimates primarily related to employee headcount, local statutory benefits, and other employee termination costs. Actual costs may vary from these estimates. These accruals are reviewed on a quarterly basis and changes to restructuring actions are appropriately recognized when identified. See Note 4, "Restructuring Activities" in the Company's consolidated financial statements included in Item 8 of this Form 10-K for additional information.

Pension Plans

Certain Company employees participate in defined benefit pension plans or retirement/termination indemnity plans. The Company has approximately \$304 million in unfunded net pension liabilities as of December 31, 2020, of which approximately \$232 million and \$72 million are attributable to U.S. and non-U.S. pension plans, respectively. The determination of the Company's obligations and expense for its pension plans is dependent on assumptions set by the Company used by actuaries in calculating such amounts. Assumptions are described in Note 12, "Employee Benefit Plans" to the Company's consolidated financial statements included in Item 8 of this Form 10-K, which are incorporated herein by reference, including the discount rate, expected long-term rate of return on plan assets, and rate of increase in compensation.

Actual results that differ from assumptions used are accumulated and amortized over future periods and, accordingly, generally affect recognized expense in future periods. Therefore, assumptions used to calculate benefit obligations as of the annual measurement date directly impact the expense to be recognized in future periods. The primary assumptions affecting the Company's accounting for employee benefits, as of December 31, 2020, are as follows:

- **Expected long-term rate of return on plan assets:** The expected long-term rate of return is used to calculate net periodic pension cost. The required use of the expected long-term rate of return on plan assets may result in recognized returns that are greater or less than the actual returns on those plan assets in any given year. Over time the expected long-term rate of return on plan assets is designed to approximate actual returns. The expected long-term rate of return for pension assets has been estimated based on various inputs, including historical returns for the different asset classes held by the Company's trusts and its asset allocation, as well as inputs from internal and external sources regarding expected capital market returns, inflation, and other variables.

In determining its pension expense for 2020, the Company used long-term rates of return on plan assets. For U.S. plans, the Company used an expected rate of return of 6.6%. For non-U.S. plans, the Company used expected rates of return ranging from 2.0% to 7.25%. The Company has set the long-term rates of return assumptions for its 2021 pension expense which range from 2.0% to 7.0% outside the U.S. and 6.15% in the U.S. Actual returns on U.S. pension assets for 2020, 2019 and 2018 were 15.0%, 19.9% and (4.5%), respectively.

- **Discount rate:** The Company uses the spot rate method to estimate the service and interest components of net periodic benefit cost for pension benefits for its U.S. and certain non-U.S. plans. The Company has elected to utilize an approach that discounts individual expected cash flows underlying interest and service costs using the applicable spot rates derived from the yield curve used to determine the benefit obligation to the relevant projected cash flows. The discount rate assumption is based on market rates for a hypothetical portfolio of high-quality corporate bonds rated Aa or better with maturities closely matched to the timing of projected benefit payments for each plan at its annual measurement date. The Company used discount rates ranging from 0.8% to 8.75% to determine its pension and other benefit obligations as of December 31, 2020, including weighted average discount rates of 2.60% for U.S. pension plans and 1.78% for non-U.S. pension plan.

While the Company believes that these assumptions are appropriate, significant differences in actual experience or significant changes in these assumptions may materially affect the Company's pension benefit obligations and its future expense. The following table illustrates the sensitivity to a change in certain assumptions for Company sponsored U.S. and non-U.S. pension plans on its 2020 funded status and 2021 pretax pension expense.

	Impact on U.S. 2021 Pretax Pension Expense	Impact on U.S. Plan 2020 Funded Status	Impact on Non-U.S. 2021 Pretax Pension Expense	Impact on Non-U.S. Plan 2020 Funded Status
25 basis point decrease in discount rate (a)(b)	Less than -\$1 million	-\$29 million	Less than -\$1 million	-\$16 million
25 basis point increase in discount rate (a)(b)	Less than +\$1 million	+\$28 million	Less than +\$1 million	+\$15 million
25 basis point decrease in expected return on assets (a)	+\$1.6 million		Less than +\$1 million	
25 basis point increase in expected return on assets (a)	-\$1.6 million		Less than -\$1 million	

(a) Assumes all other assumptions are held constant.

(b) Excludes impact of assets used to hedge discount rate volatility.

Income Taxes

The Company is subject to income taxes in the U.S. and numerous non-U.S. jurisdictions. Significant judgment is required in determining the Company's worldwide provision for income taxes, deferred tax assets and liabilities, and valuation allowances recorded against the Company's net deferred tax assets. Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company records a valuation allowance to reduce deferred tax assets when, based on all available evidence, both positive and negative, it is more likely than not that such assets will not be realized. This assessment, which is completed on a jurisdiction-by-jurisdiction basis, requires significant judgment, and in making this evaluation, the evidence considered by the Company includes historical, and projected financial performance, as well as the nature, frequency, and severity of recent losses along with any other pertinent information.

In the ordinary course of the Company's business, there are many transactions and calculations where the final tax determination is uncertain. The Company is regularly audited by tax authorities. Where appropriate, the Company accrues for contingencies related to income tax risks and non-income tax risks. See Note 14, "Income Taxes" in the Company's consolidated financial statements included in Item 8 of this Form 10-K for additional information.

Fair Value Measurements

The Company uses fair value measurements in the preparation of its financial statements, utilizing various inputs including those that can be readily observable, indirectly observable or are unobservable. The Company utilizes market-based data and valuation techniques that maximize the use of observable inputs. Additionally, the Company applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. See Note 17, "Fair Value Measurements" in the Company's consolidated financial statements included in Item 8 of this Form 10-K for additional information.

Recent Accounting Pronouncements

See Note 1, "Summary of Significant Accounting Policies" to the Company's consolidated financial statements under Item 8 of this Form 10-K for a discussion of recent accounting pronouncements.

Forward-Looking Statements

Certain statements contained or incorporated in this Annual Report on Form 10-K which are not statements of historical fact constitute “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). Forward-looking statements give current expectations or forecasts of future events. Words such as “anticipate”, “expect”, “intend”, “plan”, “believe”, “seek”, “estimate” and other words and terms of similar meaning in connection with discussions of future operating or financial performance signify forward-looking statements. These statements reflect the Company’s current views with respect to future events and are based on assumptions and estimates, which are subject to risks and uncertainties including those discussed in Item 1A under the heading “Risk Factors” and elsewhere in this Form 10-K. Accordingly, undue reliance should not be placed on these forward-looking statements. Also, these forward-looking statements represent the Company’s estimates and assumptions only as of the date of this Form 10-K. The Company does not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made and qualifies all of its forward-looking statements by these cautionary statements.

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

- Continued and future impacts of the coronavirus ("COVID-19") pandemic on the Visteon’s financial condition and business operations including global supply chain disruptions, market downturns, reduced consumer demand, and new government actions or restrictions.
- Significant or prolonged shortage of critical components from Visteon’s suppliers including, but not limited to semiconductors, and particularly those components from suppliers who are sole or primary sources.
- Significant changes in the competitive environment in the major markets where Visteon procures materials, components, or supplies or where its products are manufactured, distributed, or sold.
- Visteon’s ability to satisfy its future capital and liquidity requirements; Visteon’s ability to access the credit and capital markets at the times and in the amounts needed and on terms acceptable to Visteon; Visteon’s ability to comply with covenants applicable to it; and the continuation of acceptable supplier payment terms.
- Visteon’s ability to access funds generated by its foreign subsidiaries and joint ventures on a timely and cost-effective basis.
- Changes in the operations (including products, product planning and part sourcing), financial condition, results of operations, or market share of Visteon’s customers.
- Changes in vehicle production volume of Visteon’s customers in the markets where it operates.
- Increases in commodity costs or disruptions in the supply of commodities, including resins, copper, fuel, and natural gas.
- Visteon’s ability to generate cost savings to offset or exceed agreed-upon price reductions or price reductions to win additional business and, in general, improve its operating performance; to achieve the benefits of its restructuring actions; and to recover engineering and tooling costs and capital investments.
- Visteon’s ability to compete favorably with automotive parts suppliers with lower cost structures and greater ability to rationalize operations; and to exit non-performing businesses on satisfactory terms, particularly due to limited flexibility under existing labor agreements.
- Restrictions in labor contracts with unions that restrict Visteon’s ability to close plants, divest unprofitable, noncompetitive businesses, change local work rules and practices at a number of facilities and implement cost-saving measures.
- The costs and timing of facility closures or dispositions, business or product realignments, or similar restructuring actions, including potential asset impairment or other charges related to the implementation of these actions or other adverse industry conditions and contingent liabilities.

- Legal and administrative proceedings, investigations and claims, including shareholder class actions, inquiries by regulatory agencies, product liability, warranty, employee-related, environmental and safety claims and any recalls of products manufactured or sold by Visteon.
- Changes in economic conditions, currency exchange rates, changes in foreign laws, regulations or trade policies or political stability in foreign countries where Visteon procures materials, components or supplies or where its products are manufactured, distributed, or sold.
- Shortages of materials or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to or difficulties in the employment of labor in the major markets where Visteon purchases materials, components or supplies to manufacture its products or where its products are manufactured, distributed or sold.
- Visteon's ability to satisfy its pension and other postretirement employee benefit obligations, and to retire outstanding debt and satisfy other contractual commitments, all at the levels and times planned by management.
- Changes in laws, regulations, policies or other activities of governments, agencies and similar organizations, domestic and foreign, that may tax or otherwise increase the cost of, or otherwise affect, the manufacture, licensing, distribution, sale, ownership, or use of Visteon's products or assets.
- Possible terrorist attacks or acts of war, which could exacerbate other risks such as slowed vehicle production, interruptions in the transportation system, changes in fuel prices, and disruptions of supply.
- The cyclical and seasonal nature of the automotive industry.
- Visteon's ability to comply with environmental, safety, and other regulations applicable to it and any increase in the requirements, responsibilities and associated expenses and expenditures of these regulations.
- Visteon's ability to protect its intellectual property rights and to respond to changes in technology and technological risks and to claims by others that Visteon infringes their intellectual property rights.
- Visteon's ability to quickly and adequately remediate control deficiencies in its internal control over financial reporting.
- Other factors, risks and uncertainties detailed from time to time in Visteon's Securities and Exchange Commission filings.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The primary market risks to which the Company is exposed include changes in foreign currency exchange rates, interest rates and certain commodity prices. The Company manages these risks through derivative instruments and various operating actions including fixed price contracts with suppliers and cost sourcing arrangements with customers. The Company's use of derivative instruments is limited to mitigation of market risks, including hedging activities. However, derivative instruments are not used for speculative or trading purposes, as per clearly defined risk management policies. Additionally, the Company's use of derivative instruments creates exposure to credit loss in the event of non-performance by the counter-party to the derivative financial instruments. The Company limits this exposure by entering into agreements directly with a variety of major financial institutions with high credit standards and that are expected to fully satisfy their obligations under the contracts. Additionally, the Company's ability to utilize derivatives to manage market risk is dependent on credit conditions and market conditions given the current economic environment.

Foreign Currency Risk

The Company's net cash inflows and outflows exposed to the risk of changes in foreign currency exchange rates arise from the sale of products in countries other than the manufacturing source, foreign currency denominated supplier payments, debt and other payables, subsidiary dividends, investments in subsidiaries, and anticipated foreign currency denominated transaction proceeds. Where possible, the Company utilizes derivative financial instruments to manage foreign currency exchange rate risks. Forward and option contracts may be utilized to reduce the impact to the Company's cash flow from adverse movements in exchange rates. Foreign currency exposures are reviewed periodically and any natural offsets are considered prior to entering into a derivative financial instrument. The Company's primary hedged foreign currency exposures include the euro and Mexican peso and Brazilian real. Where possible, the Company utilizes a strategy of partial coverage for transactions in these currencies. The Company's policy requires that hedge transactions relate to a specific portion of the exposure not to exceed the aggregate amount of the underlying transaction.

In addition to the transactional exposure described above, the Company's operating results are impacted by the translation of its foreign operating income into U.S. dollars. The Company does not enter into foreign exchange contracts to mitigate this exposure. The hypothetical pretax gain or loss in fair value from a 10% favorable or adverse change in quoted currency exchange rates would be approximately \$31 million and \$32 million for foreign currency derivative financial instruments as of December 31, 2020 and 2019, respectively. These estimated changes assume a parallel shift in all currency exchange rates and include the gain or loss on financial instruments used to hedge investments in subsidiaries. Because exchange rates typically do not all move in the same direction, the estimate may overstate the impact of changing exchange rates on the net fair value of the Company's financial derivatives. It is also important to note that gains and losses indicated in the sensitivity analysis would generally be offset by gains and losses on the underlying exposures being hedged.

Interest Rate Risk

See Note 18, "Financial Instruments" to the Company's consolidated financial statements included in Item 8 of this Form 10-K for additional information.

Commodity Risk

The Company's exposures to market risk from changes in the price of production material are managed primarily through negotiations with suppliers and customers, although there can be no assurance that the Company will recover all such costs. The Company continues to evaluate derivatives available in the marketplace and may decide to utilize derivatives in the future to manage select commodity risks if an acceptable hedging instrument is identified for the Company's exposure level at that time, as well as the effectiveness of the financial hedge among other factors.

Item 8. Financial Statements and Supplementary Data

Visteon Corporation and Subsidiaries

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Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) of the Securities Exchange Act of 1934. Under the supervision and with the participation of the principal executive and financial officers of the Company, an evaluation of the effectiveness of internal control over financial reporting was conducted based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations (“the COSO 2013 Framework”) of the Treadway Commission.

Based on the evaluation performed under the COSO 2013 Framework as of December 31, 2020, management has concluded that the Company’s internal control over financial reporting is effective. Additionally, Ernst & Young LLP, an independent registered public accounting firm, has audited the effectiveness of the Company’s internal control over financial reporting as of December 31, 2020, as stated in their report which is included herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Visteon Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Visteon Corporation and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in equity for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule included in Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 18, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Description of the Matter

Revenue Recognition

As discussed in Note 1, Summary of Significant Accounting Policies, the Company's sales contracts with its customers may provide for discrete price adjustments during the vehicle production period in order for the Company to remain competitive with market prices or based on changes in production specifications. Some of these price adjustments are non-routine in nature and require estimation. In the event the Company concludes that a portion of the revenue for a given part may vary from the purchase order, the Company records consideration at the most likely amount to which the Company expects to be entitled based on historical experience and input from customer negotiations.

Auditing the consideration the Company expects to be entitled to in exchange for certain of its products which are subject to non-routine price adjustments is highly judgmental due to changes in production specifications and commercial negotiations with customers throughout the life of the production periods.

How We Addressed the Matter in Our Audit

We identified and tested controls relating to the identification and evaluation of non-routine pricing adjustments including management's evaluation of the commercial facts and circumstances to support the most likely consideration to which the Company expects to be entitled.

Our audit procedures included, among others, inspecting communications between the Company and its customers related to the pricing arrangements, making inquiries of the sales representatives who are responsible for negotiations with customers, testing any subsequent adjustments for appropriate amount and timing, obtaining written representations from management regarding customer agreements, and performing retrospective reviews of management's estimates to identify any contrary evidence.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.

Detroit, Michigan

February 18, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Visteon Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Visteon Corporation and subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Visteon Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2020 consolidated financial statements of the Company and our report dated February 18, 2021 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Detroit, Michigan
February 18, 2021

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Year Ended December 31,		
	2020	2019	2018
Net sales	\$ 2,548	\$ 2,945	\$ 2,984
Cost of sales	(2,303)	(2,621)	(2,573)
Gross margin	245	324	411
Selling, general and administrative expenses	(193)	(221)	(193)
Restructuring expense, net	(76)	(4)	(29)
Interest expense	(16)	(13)	(14)
Interest income	5	4	7
Equity in net income of non-consolidated affiliates	6	6	13
Other income, net	9	10	21
Income (loss) before income taxes	(20)	106	216
Provision for income taxes	(28)	(24)	(43)
Net income (loss) from continuing operations	(48)	82	173
Net income (loss) from discontinued operations, net of tax	—	(1)	1
Net income (loss)	(48)	81	174
Net (income) loss attributable to non-controlling interests	(8)	(11)	(10)
Net income (loss) attributable to Visteon Corporation	<u>\$ (56)</u>	<u>\$ 70</u>	<u>\$ 164</u>
Basic earnings (loss) per share:			
Continuing operations	\$ (2.01)	\$ 2.53	\$ 5.53
Discontinued operations	—	(0.04)	0.03
Basic earnings (loss) per share attributable to Visteon Corporation	<u>\$ (2.01)</u>	<u>\$ 2.49</u>	<u>\$ 5.56</u>
Diluted earnings (loss) per share:			
Continuing operations	\$ (2.01)	\$ 2.52	\$ 5.49
Discontinued operations	—	(0.04)	0.03
Diluted earnings (loss) per share attributable to Visteon Corporation	<u>\$ (2.01)</u>	<u>\$ 2.48</u>	<u>\$ 5.52</u>

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended December 31,		
	2020	2019	2018
Net income (loss)	\$ (48)	\$ 81	\$ 174
Foreign currency translation adjustments	45	(13)	(46)
Net investment hedge	(19)	9	7
Benefit plans, net of tax <i>(a)</i>	(51)	(43)	(8)
Unrealized hedging gains (losses), net of tax <i>(b)</i>	(5)	(6)	1
Other comprehensive income (loss), net of tax	(30)	(53)	(46)
Comprehensive income (loss)	(78)	28	128
Comprehensive income (loss) attributable to non-controlling interests	15	9	6
Comprehensive income (loss) attributable to Visteon Corporation	<u>\$ (93)</u>	<u>\$ 19</u>	<u>\$ 122</u>

(a) Benefit plans, net of tax reflects tax expense of less than \$1 million for the year ended December 31, 2020, tax benefit of \$5 million for the year ended December 31, 2019, and tax expense of \$1 million for the year ended December 31, 2018.

(b) Unrealized hedging gains (losses), net of tax reflects no income tax effects for the years ended December 31, 2020 and 2019, respectively, and tax expense of less than \$1 million for the year ended December 31, 2018.

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions)

	December 31,	
	2020	2019
ASSETS		
Cash and equivalents	\$ 496	\$ 466
Restricted cash	4	3
Accounts receivable, net	484	514
Inventories, net	177	169
Other current assets	180	193
Total current assets	1,341	1,345
Property and equipment, net	436	436
Intangible assets, net	127	127
Right-of-use assets	172	165
Investments in non-consolidated affiliates	60	48
Other non-current assets	135	150
Total assets	\$ 2,271	\$ 2,271
LIABILITIES AND EQUITY		
Short-term debt	\$ —	\$ 37
Accounts payable	500	511
Accrued employee liabilities	83	73
Current lease liability	32	30
Other current liabilities	209	147
Total current liabilities	824	798
Long-term debt, net	349	348
Employee benefits	322	292
Non-current lease liability	146	139
Deferred tax liabilities	28	27
Other non-current liabilities	92	72
Stockholders' equity:		
Preferred stock (par value \$0.01, 50 million shares authorized, none outstanding as of December 31, 2020 and 2019)	—	—
Common stock (par value \$0.01, 250 million shares authorized, 55 million shares issued, 28 million shares outstanding as of December 31, 2020 and 2019)	1	1
Additional paid-in capital	1,348	1,342
Retained earnings	1,623	1,679
Accumulated other comprehensive loss	(304)	(267)
Treasury stock	(2,281)	(2,275)
Total Visteon Corporation stockholders' equity	387	480
Non-controlling interests	123	115
Total equity	510	595
Total liabilities and equity	\$ 2,271	\$ 2,271

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS¹
(In millions)

	Year Ended December 31,		
	2020	2019	2018
Operating Activities			
Net income (loss)	\$ (48)	\$ 81	\$ 174
Adjustments to reconcile net income (loss) to net cash provided from operating activities:			
Depreciation and amortization	104	100	91
Non-cash stock-based compensation	18	17	8
Transaction gains	—	—	(8)
Equity in net income of non-consolidated affiliates, net of dividends remitted	(5)	(6)	(13)
Other non-cash items	7	8	3
Changes in assets and liabilities:			
Accounts receivable	51	(33)	44
Inventories	(2)	13	1
Accounts payable	(13)	73	(19)
Other assets and other liabilities	56	(70)	(77)
Net cash provided from operating activities	168	183	204
Investing Activities			
Capital expenditures, including intangibles	(104)	(142)	(127)
Net investment hedge transactions	8	—	—
Loans to non-consolidated affiliate, net of repayments	2	11	—
Acquisition of businesses, net of cash acquired	—	—	16
Other, net	(4)	3	13
Net cash used by investing activities	(98)	(128)	(98)
Financing Activities			
Borrowings on debt	400	—	—
Principal payments on debt	(400)	—	—
Repurchase of common stock	(16)	(20)	(300)
Short-term debt, net	(37)	(19)	12
Dividends paid to non-controlling interests	(7)	(9)	(28)
Distribution payments	—	—	(14)
Stock-based compensation tax withholding payments	—	—	(7)
Other	2	(1)	2
Net cash used by financing activities	(58)	(49)	(335)
Effect of exchange rates	19	(4)	(13)
Net increase (decrease) in cash, equivalents, and restricted cash	31	2	(242)
Cash, equivalents, and restricted cash at beginning of the period	469	467	709
Cash, equivalents, and restricted cash at end of the period	\$ 500	\$ 469	\$ 467
Supplemental Disclosures:			
Cash paid for interest	\$ 18	\$ 14	\$ 15
Cash paid for income taxes, net of refunds	\$ 19	\$ 40	\$ 47

¹ The Company has combined cash flows from discontinued operations with cash flows from continuing operations within the operating, investing and financing categories.

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In millions)

	Total Visteon Corporation Stockholders' Equity								
	Common Stock	Stock Warrants	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Visteon Corporation Stockholders' Equity	Non- Controlling Interests	Total Equity
December 31, 2017	\$ 1	\$ —	\$ 1,339	\$ 1,445	\$ (174)	\$ (1,974)	\$ 637	\$ 124	\$ 761
Net income (loss)	—	—	—	164	—	—	164	10	174
Other comprehensive income (loss)	—	—	—	—	(42)	—	(42)	(4)	(46)
Stock-based compensation, net	—	—	(4)	—	—	10	6	—	6
Repurchase of shares of common stock	—	—	—	—	—	(300)	(300)	—	(300)
Cash dividends	—	—	—	—	—	—	—	(28)	(28)
Business acquisition	—	—	—	—	—	—	—	15	15
December 31, 2018	\$ 1	\$ —	\$ 1,335	\$ 1,609	\$ (216)	\$ (2,264)	\$ 465	\$ 117	\$ 582
Net income (loss)	—	—	—	70	—	—	70	11	81
Other comprehensive income (loss)	—	—	—	—	(51)	—	(51)	(2)	(53)
Stock-based compensation, net	—	—	5	—	—	9	14	—	14
Repurchase of shares of common stock	—	—	—	—	—	(20)	(20)	—	(20)
Cash dividends	—	—	—	—	—	—	—	(9)	(9)
Acquisition of non-controlling interest	—	—	2	—	—	—	2	(2)	—
December 31, 2019	\$ 1	\$ —	\$ 1,342	\$ 1,679	\$ (267)	\$ (2,275)	\$ 480	\$ 115	\$ 595
Net income (loss)	—	—	—	(56)	—	—	(56)	8	(48)
Other comprehensive income (loss)	—	—	—	—	(37)	—	(37)	7	(30)
Stock-based compensation, net	—	—	6	—	—	10	16	—	16
Repurchase of shares of common stock	—	—	—	—	—	(16)	(16)	—	(16)
Cash dividends	—	—	—	—	—	—	—	(7)	(7)
December 31, 2020	\$ 1	\$ —	\$ 1,348	\$ 1,623	\$ (304)	\$ (2,281)	\$ 387	\$ 123	\$ 510

See accompanying notes to the consolidated financial statements.

VISTEON CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Basis of Presentation: Visteon Corporation (the "Company" or "Visteon") financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") on a going concern basis, which contemplates the continuity of operations, realization of assets and satisfaction of liabilities in the normal course of business.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. Investments in affiliates over which the Company does not exercise control, but does have the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method. All other investments are measured at cost, less impairment, with changes in fair value recognized in net income.

The Company determines whether the joint venture in which it has invested is a Variable Interest Entity ("VIE") at the start of each new venture and when a reconsideration event has occurred. An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported herein. Considerable judgment is involved in making these determinations and the use of different estimates or assumptions could result in significantly different results. Management believes its assumptions and estimates are reasonable and appropriate. However, actual results could differ from those reported herein. Events and changes in circumstances arising after December 31, 2020, including those resulting from the impacts of COVID-19 and related subsequent semiconductor supply shortage, as described below, will be reflected in management's estimates for future periods.

The adverse impacts of the COVID-19 pandemic led to a significant vehicle production slowdown in the first half of 2020, which was followed by increased consumer demand and vehicle production schedules in the second half of 2020, particularly in the fourth quarter. This surge in demand has led to a worldwide semiconductor supply shortage in early 2021, as semiconductor suppliers have been unable to rapidly reallocate production lines to serve the automotive industry. The Company is working closely with suppliers and customers to minimize any potential adverse impacts, and continues to closely monitor the availability of semiconductor microchips and other component parts and raw materials, customer vehicle production schedules and any other supply chain inefficiencies that may arise, due to this or any other issue. However, any direct or indirect supply chain disruptions may have a material adverse impact on the Company's financial condition and results of operations or cash flows. The Company continues to actively monitor the potential supply chain impacts of this worldwide shortage and other ongoing potential impacts of COVID-19 and will seek to aggressively mitigate and minimize its impact on our business.

Foreign Currency: Assets and liabilities for most of the Company's non-U.S. businesses are translated into U.S. dollars at end-of-period exchange rates. Income and expense accounts of the Company's non-U.S. businesses are translated into U.S. dollars at average-period exchange rates. The related translation adjustments are recorded in accumulated other comprehensive income (loss) ("AOCI") in the Consolidated Balance Sheets.

The effects of remeasuring monetary assets and liabilities of the Company's businesses denominated in currencies other than their functional currency are recorded as transaction gains and losses in the Consolidated Statements of Operations. Additionally, gains and losses resulting from transactions denominated in a currency other than the functional currency are recorded as transaction gains and losses in the Consolidated Statements of Operations. Net transaction gains and losses, inclusive of amounts associated with discontinued operations, decreased net income by \$2 million, \$3 million and \$6 million for the years ended December 31, 2020, 2019 and 2018 respectively.

Revenue Recognition: The Company generates revenue from the production of automotive vehicle cockpit electronics parts sold to Original Equipment Manufacturers ("OEMs"), or Tier 1 suppliers at the direction of the OEM, under long-term supply agreements supporting new vehicle production. Such agreements may also require related production for service parts subsequent to initial vehicle production periods.

The Company's contracts with customers involve various governing documents (sourcing agreements, master purchase agreements, terms and conditions agreements, etc.) which do not reach the level of a performance obligation of the Company until the Company receives either a purchase order and/or a customer release for a specific number of parts at a specified price, at which point the collective group of documents represent an enforceable contract. While the long-term supply agreements generally range from three to five years, customers make no commitments to volumes, and pricing or specifications can change prior to or during production. The Company recognizes revenue when control of the parts produced are transferred to the customer according to the terms of the contract, which is usually when the parts are shipped or delivered to the customer's premises. Customers are generally invoiced upon shipment or delivery and payment generally occurs within 45 to 90 days and do not include significant financing components. Customers in China are often invoiced one month after shipment or delivery. Customer returns, when they occur, relate to quality rework issues and are not connected to any repurchase obligation of the Company. As of December 31, 2020, all unfulfilled performance obligations are expected to be fulfilled within the next twelve months.

Revenue is measured based on the transaction price and the quantity of parts specified in a contract with a customer. Discrete price adjustments may occur during the vehicle production period in order for the Company to remain competitive with market prices or based on changes in product specifications. Some of these price adjustments are non-routine in nature and require estimation. In the event the Company concludes that a portion of the revenue for a given part may vary from the purchase order, the Company records revenue at the most likely amount to which the Company expects to be entitled based on historical experience and input from customer negotiations. The Company records such estimates within Net sales and Accounts receivable, net, within the Consolidated Statements of Operations and Consolidated Balance Sheets, respectively. The Company adjusts its pricing reserves at the earlier of when the most likely amount of consideration changes or when the consideration becomes fixed. In 2020, revenue recognized related to performance obligations satisfied in previous periods represented less than 1% of consolidated sales. The Company has no material contracts assets, contract liabilities or capitalized contract acquisition costs as of December 31, 2020.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenue. Shipping and handling costs associated with outbound freight after control of the parts has transferred to a customer are accounted for as a fulfillment cost and are included in cost of sales.

Restructuring Expense: Restructuring expense includes costs directly associated with exit or disposal activities. Such costs include employee severance and termination benefits, special termination benefits, contract termination fees and penalties, and other exit or disposal costs. In general, the Company records involuntary employee-related exit and disposal costs when there is a substantive plan for employee severance and related costs are probable and estimable. For one-time termination benefits (i.e., no substantive plan) and employee retention costs, expense is recorded when the employees are entitled to receive such benefits and the amount can be reasonably estimated. Contract termination fees and penalties and other exit and disposal costs are generally recorded when incurred.

Debt Issuance Costs: The costs related to issuance or modification of long-term debt are deferred and amortized into interest expense over the life of each respective debt issue. Deferred amounts associated with debt extinguished prior to maturity are expensed upon extinguishment.

Other Costs within Cost of Sales: Repair and maintenance costs, pre-production costs, and research and development expenses are expensed as incurred. Pre-production costs expensed represent engineering and development costs that are not contractually guaranteed for reimbursement by the customer. Research and development expenses include salary and related employee benefits, contractor fees, information technology, occupancy, telecommunications, depreciation, forward model program development, and advanced engineering activities. Research and development expenses were \$201 million, \$300 million, and \$286 million in 2020, 2019 and 2018, respectively, which includes recoveries from customers of \$134 million, \$140 million and \$146 million. Shipping and handling costs are recorded in the Company's Consolidated Statements of Operations as "Cost of sales."

Net Earnings (Loss) Per Share Attributable to Visteon: Basic earnings (loss) per share is calculated by dividing net income (loss) attributable to Visteon by the average number of shares of common stock outstanding. Diluted earnings (loss) per share is computed by dividing net income (loss) attributable to Visteon by the average number of common and potential dilutive common shares outstanding after deducting undistributed income allocated to participating securities. Performance based share units are considered contingently issuable shares and are included in the computation of diluted earnings per share if their conditions have been satisfied as if the reporting date was the end of the contingency period.

Cash and Equivalents: The Company considers all highly liquid investments purchased with an original maturity of three months or less, including short-term time deposits, commercial paper, repurchase agreements and money market funds to be cash equivalents. As of December 31, 2020 the Company's cash balances are invested in a diversified portfolio of cash and highly liquid cash equivalents including money market funds, commercial paper rated A2/P2 and above with maturity under three months, time deposits and other short-term cash investments, which mature under three months with highly rated banking institutions. The cost of such funds approximates fair value based on the nature of the investment.

Restricted Cash: Restricted cash represents amounts designated for uses other than current operations and includes \$3 million related to a Letter of Credit Facility, and \$1 million related to cash collateral for other corporate purposes as of December 31, 2020. As of December 31, 2019, restricted cash includes \$2 million related to a Letter of Credit Facility and \$1 million related to cash collateral for other corporate purposes.

Accounts Receivable: Accounts receivable are stated at the invoiced amount, less an allowance for doubtful accounts for estimated amounts not expected to be collected, and do not bear interest.

The Company receives bank notes from certain customers in China to settle trade accounts receivable. The collection on such bank notes are included in operating cash flows based on the substance of the underlying transactions, which are operating in nature. The Company may hold such bank notes until maturity, exchange them with suppliers to settle liabilities, or sell them to third-party financial institutions in exchange for cash. The Company has entered into arrangements with financial institutions to sell certain bank notes, generally maturing within nine months. Bank notes are sold with recourse but qualify as a sale as all rights to the notes have passed to the financial institution.

Allowance for Doubtful Accounts: The Company establishes an allowance for doubtful accounts for accounts receivable based on the current expected credit loss impairment model ("CECL"). The Company elected to apply a historical loss rate based on historic write-offs by region to aging categories. The historical loss rate will be adjusted for current conditions and reasonable and supportable forecasts of future losses, as necessary. The Company may also record a specific reserve for individual accounts when the Company becomes aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the customer's operating results or financial position.

The allowance for doubtful accounts related to accounts receivable and related activity are summarized below:

(In millions)	December 31,		
	2020	2019	2018
Balance at beginning of year	\$ 10	\$ 6	\$ 8
Provision	1	6	2
Recoveries	(3)	(1)	—
Write-offs charged against the allowance	(4)	(1)	(4)
Balance at end of year	<u>\$ 4</u>	<u>\$ 10</u>	<u>\$ 6</u>

Provision for estimated uncollectible accounts receivable are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Operations.

Inventories: Inventories are stated at the lower of cost, determined on a first-in, first-out ("FIFO") basis, or net realizable value. Cost includes the cost of materials, direct labor, in-bound freight and the applicable share of manufacturing overhead. The cost of inventories is reduced for excess and obsolete inventories based on management's review of on-hand inventories compared to historical and estimated future sales and usage.

Product Tooling: Product tooling includes molds, dies and other tools used in production of a specific part or parts of the same basic design owned either by the Company or its customers. Company owned tooling is capitalized and depreciated over the shorter of the expected useful life of the assets or the term of the supply arrangement, generally not exceeding six years. The Company had receivables of \$26 million and \$31 million as of December 31, 2020 and 2019, respectively, related to product tools, which will not be owned by the Company and for which there is a contractual agreement for reimbursement from the customer.

Contractually Reimbursable Engineering Costs: Engineering, testing, and other costs incurred in the design and development of production parts are expensed as incurred, unless the cost reimbursement is contractually guaranteed in a customer contract, in which case costs are capitalized as incurred and subsequently reduced upon lump sum or piece price recoveries.

Property and Equipment: Property and equipment is stated at cost or fair value for impaired assets. Property and equipment is depreciated principally using the straight-line method of depreciation over the related asset's estimated useful life. Generally, buildings and improvements are depreciated over a 40-year estimated useful life, leasehold improvements are depreciated on a straight-line basis over the initial lease term period, and machinery, equipment and other are depreciated over estimated useful lives ranging from 3 to 15 years. Certain costs incurred in the acquisition or development of software for internal use are capitalized. Capitalized software costs are amortized using the straight-line method over estimated useful lives generally ranging from 3 to 5 years.

Asset impairment charges are recorded for assets held-in-use when events and circumstances indicate that such assets may not be recoverable and the undiscounted net cash flows estimated to be generated by those assets are less than their carrying amounts. If estimated future undiscounted cash flows are not sufficient to recover the carrying value of the assets, an impairment charge is recorded for the amount by which the carrying value of the assets exceeds fair value. Fair value is determined using appraisals, management estimates or discounted cash flow calculations. The Company classifies assets and liabilities as held for sale when management approves and commits to a formal plan of sale, generally following board of director approval, and it is probable that the sale will be completed within one year. The carrying value of assets and liabilities held for sale is recorded at the lower of carrying value or fair value less cost to sell, and the recording of depreciation is ceased.

Leases: The Company determines if an arrangement is a lease at inception. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company estimates the incremental borrowing rate to discount the lease payments based on information available at lease commencement. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. Lease expense is recognized on a straight-line basis over the lease term. The Company has lease agreements containing lease and non-lease components which are accounted for as a single lease component.

Goodwill: The Company performs either a qualitative or quantitative assessment of goodwill for impairment on an annual basis. Goodwill impairment testing is performed at the reporting unit level. The qualitative assessment considers several factors at the reporting unit level including the excess of fair value over carrying value as of the last quantitative impairment test, the length of time since the last fair value measurement, the current carrying value, market and industry metrics, actual performance compared to forecast performance, and the Company's current outlook on the business. If the qualitative assessment indicates it is more likely than not that goodwill is impaired, the reporting unit is quantitatively tested for impairment. To quantitatively test goodwill for impairment, the fair value of each reporting unit is determined and compared to the carrying value. An impairment charge is recognized for the amount by which the reporting unit's carrying value exceeds its fair value. Management has tested for impairment using a quantitative assessment and concluded that no impairment exists as of December 31, 2020.

Intangible Assets: Definite-lived intangible assets are amortized over their estimated useful lives, and tested for impairment in accordance with the methodology discussed above under "Property and Equipment." Definite-lived intangible assets include:

- Developed technology intangible assets which are amortized over average, estimated useful lives generally ranging from 6 to 12 years;
- Customer-related intangible assets which are amortized over average, estimated useful lives generally ranging from 7 to 12 years;
- Software development costs which are capitalized after the software product development reaches technological feasibility and until the software product becomes releasable to customers. These intangible assets are amortized using the straight-line method over estimated useful lives generally ranging from 3 to 5 years; and
- Other intangible assets which are amortized using the straight-line method over estimated useful lives based on the nature of the intangible asset.

Product Warranty and Recall: Amounts accrued for product warranty and recall claims are based on management's best estimates of the amounts that will ultimately be required to settle such items. The Company's estimates for product warranty and recall obligations are developed with support from its sales, engineering, quality and legal functions and include due consideration of contractual arrangements, past experience, current claims and related information, production changes, industry and regulatory developments and various other considerations. For further detail on the Company's warranty obligations see Note 19, "Commitments and Contingencies."

Income Taxes: Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company records a valuation allowance to reduce deferred tax assets when it is more likely than not that such assets will not be realized. This assessment requires judgment, and must be done on a jurisdiction-by-jurisdiction basis. In determining the need for a valuation allowance, all available positive and negative evidence, including historical and projected financial performance, is considered along with any other pertinent information.

Value Added Taxes: The Company reports value added taxes collected from customers and remitted to government authorities, on a net basis within Cost of sales.

Fair Value Measurements: The Company uses fair value measurements in the preparation of its financial statements, which utilize various inputs including those that can be readily observable, corroborated or are generally unobservable. The Company utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Company applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

Financial Instruments: The Company uses derivative financial instruments, including forward contracts, swaps, and options to manage exposures to changes in currency exchange rates and interest rates. The Company's policy specifically prohibits the use of derivatives for speculative or trading purposes.

Business Combinations: In accounting for business combinations, the purchase price of an acquired business is allocated to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. Determining the fair values of assets acquired and liabilities assumed requires management's judgment, the utilization of independent appraisal firms and often involves the use of estimates and assumptions with respect to the timing and amount of future cash flows, market rate assumptions, actuarial assumptions, and appropriate discount rates, among other items.

Recently Adopted Accounting Pronouncements

Credit Losses - The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, "Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments", effective for fiscal years beginning after December 15, 2019. The guidance requires financial assets (or a group of financial assets) measured on the basis of amortized cost to be presented at the net amount expected to be collected. The guidance also requires that the statement of operations reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. Additionally, the guidance limits the credit loss to the amount by which fair value is below amortized cost. The Company adopted the guidance effective January 1, 2020. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

Income Taxes - The FASB issued ASU 2019-12, "Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes." The new guidance simplifies the accounting for income taxes by eliminating certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, hybrid taxes and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Early adoption is permitted in interim or annual periods with any adjustments reflected as of the beginning of the annual period that includes that interim period. Additionally, entities that elect early adoption must adopt all the amendments in the same period. Amendments are to be applied prospectively, except for certain amendments that are to be applied either retrospectively or with a modified retrospective approach through a cumulative effect adjustment recorded to retained earnings. The Company adopted the guidance effective January 1, 2020. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

Retirement Benefits - In August 2018, the FASB issued ASU 2018-14, "Compensation - Retirement Benefits - Defined Benefit Plans - General (Topic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans." The guidance (i) removes disclosures that are no longer considered cost beneficial, (ii) clarifies the specific requirements of disclosures and (iii) adds disclosure requirements including reasons for significant gains and losses related to changes in the benefit obligation. The amendments in this ASU are effective for fiscal years ending after December 15, 2020 and interim

periods within those fiscal years. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

Reference Rate Reform - In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The guidance provides optional expedients and exceptions related to certain contract modifications and hedging relationships that reference the London Interbank Offered Rate ("LIBOR") or another rate that is expected to be discontinued. The guidance was effective upon issuance and generally can be applied to applicable contract modifications and hedge relationships prospectively through December 31, 2022. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

NOTE 2. Discontinued Operations

During 2014 and 2015, the Company completed its divestiture of the majority of its global Interiors business (the "Interiors Divestiture") and completed the sale of its Argentina and Brazil interiors operations on December 1, 2016. Separately, the Company completed the sale of the majority of its global Climate business (the "Climate Transaction") during 2015. These transactions met the conditions required to qualify for discontinued operations reporting and accordingly the results of operations and the settlement of retained contingencies have been classified in income (loss) from discontinued operations, net of tax, in the Consolidated Statements of Operations.

Discontinued operations are summarized as follows:

(In millions)	Year Ended December 31,	
	2019	2018
Net sales	\$ —	\$ —
Cost of sales	(2)	(5)
Gross margin	(2)	(5)
Selling, general and administrative expenses	—	(1)
Gain on Climate Transaction	—	4
Restructuring expense	1	(1)
Income (loss) from discontinued operations before income taxes	(1)	(3)
Benefit for income taxes	—	4
Net income (loss) from discontinued operations	(1)	1
Net income (loss) from discontinued operations attributable to Visteon	\$ (1)	\$ 1

There were no discontinued operations during 2020.

During 2019 the Company recognized approximately \$2 million of corrections of judicial deposits related to former employees at a closed plant in Brazil.

During 2018, the Company recognized a \$3 million benefit on settlement of litigation matters with its former CEO as further described in Note 19, "Commitments and Contingencies." The Company also recorded a \$4 million charge for legal expenses related to former employees at a closed plant in Brazil. Lastly, the Company recorded a \$4 million income tax benefit during 2018 related to uncertain tax positions in connection with the Climate Transaction, resulting from statute expiration.

NOTE 3. Non-Consolidated Affiliates

Non-Consolidated Affiliate Transactions

Visteon and Yangfeng Automotive Trim Systems Co. Ltd. ("YF") each own 50% of a joint venture under the name of Yanfeng Visteon Investment Co., Ltd. ("YFVIC"). In October 2014, YFVIC completed the purchase of YF's 49% direct ownership in Yanfeng Visteon Automotive Electronics Co., Ltd ("YFVE") a consolidated joint venture of the Company ("The YFVIC Transaction"). The purchase by YFVIC was financed through a shareholder loan from YF and external borrowings, guaranteed by Visteon, which were paid in 2019.

In 2018, the Company committed to make a \$15 million investment in two entities principally focused on the automotive sector pursuant to limited partnership agreements. As a limited partner in each entity, the Company will periodically make capital contributions toward this total commitment amount. Through December 31, 2020, the Company had contributed approximately \$5 million to these entities. These investments were classified as equity method investments beginning in 2020.

Investments in Affiliates

The Company recorded equity in the net income of non-consolidated affiliates of \$6 million, \$6 million and \$13 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Company monitors its investments in affiliates for indicators of other-than-temporary declines in value on an ongoing basis. If the Company determines that an “other-than-temporary” decline in value has occurred, an impairment loss will be recorded, which is measured as the difference between the recorded book value and the fair value of the investment. As of December 31, 2020, the Company determined that no such indicators were present.

Variable Interest Entities

The Company determined that YFVIC is a VIE. The Company holds a variable interest in YFVIC primarily related to its ownership interests and subordinated financial support. The Company and YF each own 50% of YFVIC and neither entity has the power to control the operations of YFVIC; therefore, the Company is not the primary beneficiary of YFVIC and does not consolidate the joint venture.

A summary of the Company's investments in non-consolidated equity method affiliates is provided below:

(In millions)	December 31,	
	2020	2019
YFVIC (50%)	\$ 50	\$ 43
Others	10	5
Total investments in non-consolidated affiliates	\$ 60	\$ 48

A summary of transactions with affiliates is shown below:

(In millions)	Year Ended December 31,	
	2020	2019
Billings to affiliates (a)	\$ 95	\$ 75
Purchases from affiliates (b)	\$ 58	\$ 73

(a) Primarily relates to parts production and engineering reimbursement

(b) Primarily relates to engineering services as well as selling, general and administrative expenses

A summary of the Company's investments in YFVIC is provided below:

(In millions)	December 31,	
	2020	2019
Payables due to YFVIC	\$ 9	\$ 9
<i>Exposure to loss in YFVIC</i>		
Investment in YFVIC	\$ 50	\$ 43
Receivables due from YFVIC	53	41
Subordinated loan receivable	6	8
Maximum exposure to loss in YFVIC	\$ 109	\$ 92

NOTE 4. Restructuring Activities

Given the economically-sensitive and highly competitive nature of the automotive electronics industry, the Company continues to closely monitor current market factors and industry trends, including potential impacts related to COVID-19, taking action as necessary which may include restructuring actions. However, there can be no assurance that any such actions will be sufficient to fully offset the impact of adverse factors on the Company or its results of operations, financial position and cash flows.

Restructuring actions initiated during 2020 include the following:

- In January, the Company approved a plan primarily related to European engineering and administrative functions to improve the Company's efficiency and rationalize its footprint. The Company incurred \$26 million of net restructuring expense for cash severance, retention, and termination costs related to this plan. As of December 31, 2020, \$11 million remains accrued related to this action.
- In March, the Company approved a global restructuring plan impacting engineering, administrative, and manufacturing functions to improve the Company's efficiency and rationalize its footprint. The Company incurred \$16 million of net restructuring expense for cash severance, retention, and termination costs related to this plan. As of December 31, 2020, \$2 million remains accrued related to this action.
- In September, the Company approved a plan in response to COVID-19 and to improve efficiency and rationalize the Company's footprint. The Company incurred \$32 million of net restructuring expense for cash severance, retention and termination costs related to this plan. As of December 31, 2020, \$30 million remains accrued related to this action.
- In December, the Company approved a plan impacting engineering, administrative, and manufacturing functions in Asia to improve the Company's efficiency and rationalize its footprint. The Company incurred \$2 million of net restructuring expense for cash severance, retention, and termination costs related this plan. As of December 31, 2020, \$2 million remains accrued related to this action.
- During the year ended December 31, 2020, the Company incurred \$1 million of restructuring expense for cash severance payments at two North American manufacturing facilities.

During 2019, the Company approved a restructuring program impacting two European manufacturing facilities due to the end of certain product lines. During the year ended December 31, 2019, the Company recorded net restructuring expense of \$2 million related to this program.

During 2018, the Company approved various restructuring actions due to end of certain products and optimization of certain operations. During the years ended December 31, 2019 and December 31, 2018, the Company recorded net restructuring expense of \$2 million and \$24 million, respectively, related to these programs. As of December 31, 2020, \$2 million remains accrued.

During 2016, the Company approved a restructuring program impacting engineering and administrative functions to further align the Company's footprint with its core product technologies and customers. During the year ended December 31, 2018, the Company recorded net restructuring expense of \$5 million related to this program.

During the year ended December 31, 2018, the Company recorded net restructuring expense of approximately \$1 million associated with a former European Interiors facility related to settlement of employee severance litigation.

As of December 31, 2020, the Company retained restructuring reserves as part of the Interiors Divestiture of \$2 million associated with completed programs for the fundamental reorganization of operations at facilities in Brazil and France.

Restructuring Reserves

Restructuring reserve balances of \$39 million and \$10 million as of December 31, 2020 are classified as Other current liabilities and Other non-current liabilities, respectively. The restructuring reserve balance of \$10 million as of December 31, 2019 is classified as Other current liabilities. The Company anticipates that the activities associated with the current restructuring reserve balance will be substantially complete by end of 2022.

The Company's consolidated restructuring reserves and related activity are summarized below, including amounts associated with discontinued operations.

(In millions)	
December 31, 2017	\$ 24
Expense	24
Change in estimates	6
Utilization	(30)
Foreign currency	(1)
December 31, 2018	23
Expense	5
Change in estimates	(2)
Utilization	(15)
Foreign currency	(1)
December 31, 2019	10
Expense	67
Change in estimates	9
Utilization	(39)
Foreign currency	2
December 31, 2020	\$ 49

NOTE 5. Inventories

Inventories, net consist of the following components:

(In millions)	December 31,	
	2020	2019
Raw materials	\$ 114	\$ 100
Work-in-process	25	28
Finished products	38	41
	\$ 177	\$ 169

NOTE 6. Other Assets

Other current assets are comprised of the following components:

(In millions)	December 31,	
	2020	2019
Joint venture receivables	\$ 53	\$ 41
Recoverable taxes	52	61
Contractually reimbursable engineering costs	31	29
Prepaid assets and deposits	18	22
China bank notes	15	16
Royalty agreements	7	17
Other	4	7
	\$ 180	\$ 193

The Company receives bank notes from certain customers in China to settle trade accounts receivable. The collection of such bank notes are included in operating cash flows based on the substance of the underlying transactions, which are operating in nature. The Company redeemed \$163 million and \$81 million of China bank notes during the years ended December 31, 2020 and 2019, respectively. Remaining amounts outstanding at third-party institutions relate to sold bank notes will mature by June 30, 2021.

Other non-current assets are comprised of the following components:

(In millions)	December 31,	
	2020	2019
Deferred tax assets	\$ 55	\$ 59
Contractually reimbursable engineering costs	31	24
Recoverable taxes	21	28
Royalty agreements	8	11
Joint venture note receivables	7	8
Other	13	20
	<u>\$ 135</u>	<u>\$ 150</u>

Current and non-current contractually reimbursable engineering costs are related to pre-production design and development costs incurred pursuant to long-term supply arrangements that are contractually guaranteed for reimbursement by customers. The Company expects to receive cash reimbursement payments of approximately \$31 million in 2021, \$16 million in 2022, \$8 million in 2023, \$3 million in 2024 and \$4 million in 2025 and beyond.

NOTE 7. Property and Equipment

Property and equipment, net consists of the following:

(In millions)	December 31,	
	2020	2019
Land	\$ 12	\$ 12
Buildings and improvements	96	83
Machinery, equipment and other	706	599
Construction in progress	44	80
Product tooling	62	53
Total property and equipment	920	827
Accumulated depreciation and amortization	(484)	(391)
Property and equipment, net	<u>\$ 436</u>	<u>\$ 436</u>

Depreciation and product tooling amortization expenses are summarized as follows:

(In millions)	Year Ended December 31,		
	2020	2019	2018
Depreciation	\$ 83	\$ 78	\$ 73
Amortization	7	6	3
	<u>\$ 90</u>	<u>\$ 84</u>	<u>\$ 76</u>

For the year ended December 31, 2019, the Company recorded non-cash asset impairment charges of \$2 million in cost of sales related to declines in the fair values of certain fixed assets.

The net book value of capitalized internal use software costs was approximately \$18 million and \$21 million as of December 31, 2020 and 2019, respectively. Related amortization expense was approximately \$9 million, \$9 million and \$7 million for the years ended 2020, 2019 and 2018, respectively. Amortization expense of approximately \$7 million, \$5 million, \$3 million, \$2 million, and \$1 million is expected for the annual periods ended December 31, 2021, 2022, 2023, 2024, and 2025 respectively.

NOTE 8. Intangible Assets

Intangible assets consisted of the following:

(In millions)	Estimated Weighted Average Useful Life (years)	December 31, 2020			December 31, 2019		
		Gross Intangibles	Accumulated Amortization	Net Intangible	Gross Intangibles	Accumulated Amortization	Net Intangible
Definite-Lived:							
Developed technology	6	\$ 41	\$ (38)	\$ 3	\$ 40	\$ (35)	\$ 5
Customer related	10	95	(64)	31	89	(51)	38
Capitalized software development	3	44	(7)	37	32	(5)	27
Other	20	14	(7)	7	15	(4)	11
Subtotal		194	(116)	78	176	(95)	81
Indefinite-Lived:							
Goodwill		49	—	49	46	—	46
Total		\$ 243	\$ (116)	\$ 127	\$ 222	\$ (95)	\$ 127

Capitalized software development consists of software development costs intended for integration into customer products.

The Company recorded approximately \$14 million, \$16 million and \$15 million of amortization expense related to definite-lived intangible assets for the years ended December 31, 2020, 2019 and 2018, respectively. The Company currently estimates annual amortization expense to be \$18 million for both 2021 and 2022, \$15 million for 2023, \$9 million for 2024, and \$8 million for 2025.

NOTE 9. Leases

The Company has operating leases primarily for corporate offices, technical and engineering centers, customer centers, vehicles and certain equipment. As of December 31, 2020 assets and related accumulated depreciation recorded under finance leasing arrangements were not material.

Certain of the Company's lease agreements include rental payments adjusted periodically primarily for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company subleases certain real estate to third parties, which primarily consists of operating leases related to the Company's principal executive offices in Van Buren Township, Michigan.

For the years ended December 31, 2020 and 2019, the weighted average remaining lease term and discount rate were 6 years and 4.1% and 7 years and 4.5%, respectively.

The components of lease expense are as follows:

(In millions)	Year Ended December 31,	
	2020	2019
Operating lease cost (includes immaterial variable lease costs)	\$ (42)	\$ (41)
Short-term lease cost	(1)	(1)
Sublease income	5	5
Total lease cost	\$ (38)	\$ (37)

Other information related to leases is as follows:

(In millions)	Year Ended December 31,	
	2020	2019
Cash out flows from operating leases	\$ 40	\$ 38
Right-of-use assets obtained in exchange for lease obligations	\$ 38	\$ 38

Future minimum lease payments under non-cancellable leases is as follows:

(In millions)		
2021		\$ 38
2022		35
2023		32
2024		29
2025		24
2026 and thereafter		43
Total future minimum lease payments		201
Less imputed interest		(23)
Total lease liabilities		\$ 178

NOTE 10. Other Liabilities

Other current liabilities are summarized as follows:

(In millions)	December 31,	
	2020	2019
Product warranty and recall accruals	\$ 52	\$ 34
Deferred income	46	22
Restructuring reserves	39	10
Non-income taxes payable	15	17
Royalty reserves	13	19
Joint venture payables	9	9
Income taxes payable	5	7
Other	30	29
	\$ 209	\$ 147

Other non-current liabilities are summarized as follows:

(In millions)	December 31,	
	2020	2019
Derivative financial instruments	\$ 38	\$ 14
Product warranty and recall accruals	12	15
Restructuring reserves	10	—
Deferred income	7	9
Royalty agreements	6	13
Income tax reserves	6	5
Other	13	16
	\$ 92	\$ 72

NOTE 11. Debt

The Company's short and long-term debt consists of the following:

(In millions)	Weighted Average Interest Rate		Carrying Value	
	2020	2019	2020	2019
Short-Term Debt:				
Short-term borrowings	—%	4.3%	\$ —	\$ 37
Long-Term Debt:				
Term facility, net	1.9%	3.2%	\$ 349	\$ 348

Short-Term Debt

Short-term borrowings, primarily related to the Company's non-U.S. joint ventures, were fully repaid during the third quarter of 2020. As of December 31, 2020, the available borrowings under these affiliate credit facilities are \$182 million.

Long-Term Debt

As of December 31, 2020, the Company has an amended credit agreement ("Credit Agreement") which includes a \$350 million Term Facility maturing March 24, 2024 and a \$400 million Revolving Credit Facility which matures the earlier of December 24, 2024, 90 days prior to the scheduled maturity of the Term Facility, or the date of the termination of the Company's credit agreement.

On March 19, 2020, the Company borrowed the entire amount of revolving loans available under the Revolving Credit Facility to increase its cash position and maximize its flexibility in response to unprecedented uncertainty related to the impact of COVID-19. On September 24, 2020, the Company fully repaid the amount borrowed under the Revolving Credit Facility following stronger than expected industry recovery and improved Company performance in the third quarter of 2020. The Company has no outstanding borrowings on the Revolving Credit Facility as of December 31, 2020.

Interest on the Term Facility loans accrue at a rate equal to a LIBOR-based rate plus an applicable margin of 1.75% per annum. Loans under the Company's Revolving Credit Facility accrue interest at a rate equal to a LIBOR-based rate plus an applicable margin of between 1.00% - 2.00%, as determined by the Company's total gross leverage ratio.

The Credit Agreement requires compliance with customary affirmative and negative covenants and contains customary events of default. The Revolving Credit Facility also requires that the Company maintain a total net leverage ratio no greater than 3.50:1.00. During any period when the Company's corporate and family ratings meet investment grade ratings, certain of the negative covenants are suspended. As of December 31, 2020, the Company was in compliance with all its debt covenants.

The Revolving Credit Facility also provides \$75 million availability for the issuance of letters of credit and a maximum of \$20 million for swing line borrowings. Any amount of the facility utilized for letters of credit or swing line loans outstanding will reduce the amount available under the existing Revolving Credit Facility. The Company may request increases in the limits under the Credit Agreement and may request the addition of one or more term loan facilities. Outstanding borrowings may be prepaid without penalty (other than borrowings made for the purpose of reducing the effective interest rate margin or weighted average yield of the loans). There are mandatory prepayments of principal in connection with: (i) excess cash flow sweeps above certain leverage thresholds, (ii) certain asset sales or other dispositions, (iii) certain refinancing of indebtedness and (iv) over-advances under the Revolving Credit Facility. There are no excess cash flow sweeps required at the Company's current leverage level.

All obligations under the Credit Agreement and obligations with respect to certain cash management services and swap transaction agreements between the Company and its lenders are unconditionally guaranteed by certain of the Company's subsidiaries. Under the terms of the Credit Agreement, any amounts outstanding are secured by a first-priority perfected lien on substantially all property of the Company and the subsidiaries party to the security agreement, subject to certain limitations.

Other

The Company has a \$5 million letter of credit facility, whereby the Company is required to maintain a cash collateral account equal to 103% (110% for non-U.S. dollar denominated letters) of the aggregate stated amount of issued letters of credit and must reimburse any amounts drawn under issued letters of credit. The Company had \$3 million of outstanding letters of credit issued under this facility secured by restricted cash, as of December 31, 2020. Additionally, the Company had \$8 million of locally issued letters of credit with less than \$1 million of collateral as of December 31, 2020, to support various tax appeals, customs arrangements and other obligations at its local affiliates.

NOTE 12. Employee Benefit Plans

Defined Benefit Plans

The Company sponsors pay related benefit plans for employees in the U.S., UK, Germany, Brazil, France, Mexico, Japan, and Canada. Employees in the U.S. and UK are no longer accruing benefits under the Company's defined benefit plans as these plans were frozen. The Company's defined benefit plans are partially funded with the exception of certain supplemental benefit plans for executives and certain non-U.S. plans, primarily in Germany, which are unfunded.

The Company's expense for all defined benefit pension plans, is as follows:

(In millions, except percentages)	U.S. Plans			Non-U.S. Plans		
	Year Ended December 31,			Year Ended December 31,		
	2020	2019	2018	2020	2019	2018
Costs Recognized in Income:						
Pension service cost:						
Service cost	\$ —	\$ —	\$ —	\$ (2)	\$ (2)	\$ (2)
Pension financing benefit (cost):						
Interest cost	(24)	(30)	(27)	(7)	(8)	(8)
Expected return on plan assets	40	40	41	8	10	9
Amortization of losses and other	(1)	—	—	(2)	(1)	(2)
Settlements and curtailments	(5)	—	—	—	—	—
Restructuring related pension cost:						
Special termination benefits (a)	(3)	—	(2)	(4)	(1)	—
Net pension income (expense)	<u>\$ 7</u>	<u>\$ 10</u>	<u>\$ 12</u>	<u>\$ (7)</u>	<u>\$ (2)</u>	<u>\$ (3)</u>
Weighted Average Assumptions:						
Discount rate	3.34 %	4.33 %	3.65 %	2.39 %	3.34 %	3.28 %
Compensation increase	N/A	N/A	N/A	3.16 %	3.51 %	3.62 %
Long-term return on assets	6.60 %	6.78 %	6.74 %	3.98 %	4.73 %	4.86 %

(a) Primarily related to restructuring actions

The Company's total accumulated benefit obligations for all defined benefit plans was \$1,199 million and \$1,116 million as of December 31, 2020 and 2019, respectively. The benefit plan obligations for employee retirement plans with accumulated benefit obligations in excess of plan assets were as follows:

(In millions)	Year Ended December 31,	
	2020	2019
Accumulated benefit obligation	\$ 1,177	\$ 1,088
Projected benefit obligation	\$ 1,190	\$ 1,107
Fair value of plan assets	\$ 886	\$ 830

Assumptions used by the Company in determining its defined benefit pension obligations as of December 31, 2020 and 2019 are summarized in the following table:

Weighted Average Assumptions	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Discount rate	2.60 %	3.34 %	1.78 %	2.39 %
Rate of increase in compensation	N/A	N/A	2.14 %	3.16 %

The Company's obligation for all defined benefit pension plans, is as follows:

(In millions)	U.S. Plans		Non-U.S. Plans	
	Year Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Change in Benefit Obligation:				
Benefit obligation — beginning	\$ 838	\$ 760	\$ 300	\$ 250
Service cost	—	—	2	2
Interest cost	24	30	7	8
Actuarial loss (gain)	97	88	15	40
Settlements (and curtailments)	(37)	—	(4)	—
Special termination benefits	3	—	4	1
Foreign exchange translation	—	—	8	4
Benefits paid and other	(34)	(40)	(10)	(5)
Benefit obligation — ending	\$ 891	\$ 838	\$ 322	\$ 300
Change in Plan Assets:				
Plan assets — beginning	\$ 630	\$ 567	\$ 232	\$ 200
Actual return on plan assets	82	102	21	26
Sponsor contributions	18	1	6	7
Settlements	(37)	—	(2)	—
Foreign exchange translation	—	—	3	4
Benefits paid and other	(34)	(40)	(10)	(5)
Plan assets — ending	\$ 659	\$ 630	\$ 250	\$ 232
Total funded status at end of period	\$ (232)	\$ (208)	\$ (72)	\$ (68)
Balance Sheet Classification:				
Other non-current assets	\$ —	\$ —	\$ 2	\$ 3
Accrued employee liabilities	—	—	(1)	(2)
Employee benefits	(232)	(208)	(73)	(69)
Accumulated other comprehensive loss:				
Actuarial loss	127	79	52	50
Tax effects/other	—	(1)	(14)	(14)
	\$ 127	\$ 78	\$ 38	\$ 36

Components of the net change in AOCI related to all defined benefit pension plans, exclusive of amounts attributable to non-controlling interests on the Company's Consolidated Statements of Changes in Equity for the years ended December 31, 2020 and 2019, are as follows:

(In millions)	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Actuarial loss	\$ 55	\$ 26	\$ 1	\$ 23
Deferred taxes	—	(1)	—	(5)
Currency/other	—	—	3	1
Reclassification to net income	(1)	—	(2)	(1)
Settlements	(5)	—	—	—
	\$ 49	\$ 25	\$ 2	\$ 18

Actuarial loss for the year ended December 31, 2020 is primarily related to a decrease in discount rates partially offset by an increase in return on assets. Actuarial gains and losses are amortized using the 10% corridor approach representing 10% times the greater of plan assets and the projected benefit obligation. Generally, the expected return is determined using a market-

related value of assets where gains (losses) are recognized in a systematic manner over five years. For less significant plans, fair value is used.

During 2020 the Company transferred a portion of the benefit obligation related to its defined benefit U.S. pension plan to a third-party issuer. The transaction met the criteria for settlement accounting, and accordingly, the Company recognized a \$5 million pension settlement charge.

Benefit payments, which reflect expected future service, are expected to be paid by the Company plans as follows:

(In millions)	U.S. Plans	Non-U.S. Plans
2021	\$ 41	\$ 6
2022	39	7
2023	39	8
2024	39	10
2025	40	9
Years 2026 - 2030	216	53

During the year ended December 31, 2020, cash contributions to the Company's U.S. employee retirement pension plans were \$18 million and cash contributions of \$6 million related to its non-U.S. employee retirement pension plans. Contributions related to certain non-U.S. plans of approximately \$2 million have been deferred until 2024, due to COVID-19 relief measures. Additionally, the Company expects to make contributions to its U.S. defined benefit pension plans of \$17 million and non-US defined benefit pension plans of \$7 million during 2021. The Company's expected 2021 contributions may be revised.

Substantially all of the Company's defined benefit pension plan assets are managed by external investment managers and held in trust by third-party custodians. The selection and oversight of these external service providers is the responsibility of the investment committees of the Company and their advisers. The selection of specific securities is at the discretion of the investment manager and is subject to the provisions set forth by written investment management agreements and related policy guidelines regarding permissible investments, risk management practices and the use of derivative securities. Derivative securities may be used by investment managers as efficient substitutes for traditional securities, to reduce portfolio risks or to hedge identifiable economic exposures. The use of derivative securities to engage in unrelated speculation is expressly prohibited.

The primary objective of the pension funds is to pay the plans' benefit and expense obligations when due. Given the long-term nature of these plan obligations and their sensitivity to interest rates, the investment strategy is intended to improve the funded status of its U.S. and non-U.S. plans over time while maintaining a prudent level of risk. Risk is managed primarily by diversifying each plan's target asset allocation across equity, fixed income securities, and alternative investment strategies, and then maintaining the allocation within a specified range of its target. In addition, diversification across various investment subcategories within each plan is also maintained within specified ranges.

The Company's retirement plan asset allocation as of December 31, 2020 and 2019 and target allocation for 2021 are as follows:

	Target Allocation		Percentage of Plan Assets			
	U.S.	Non-U.S.	U.S.		Non-U.S.	
	2021	2021	2020	2019	2020	2019
Equity securities	38 %	34 %	41 %	37 %	29 %	38 %
Fixed income	15 %	43 %	15 %	18 %	51 %	39 %
Alternative strategies	46 %	14 %	39 %	44 %	12 %	14 %
Cash	1 %	3 %	5 %	1 %	2 %	4 %
Other	— %	6 %	— %	— %	6 %	5 %
	100 %	100 %	100 %	100 %	100 %	100 %

The expected long-term rate of return for defined benefit pension plan assets was selected based on various inputs, including returns projected by various external sources for the different asset classes held by and to be held by the Company's trusts and its targeted asset allocation. These projections incorporate both historical returns and forward-looking views regarding capital market returns, inflation, and other variables. Pension plan assets are valued at fair value using various inputs and valuation

techniques. A description of the inputs and valuation techniques used to measure the fair value for each class of plan assets is included in Note 17, "Fair Value Measurements."

Discount Rate for Estimated Service and Interest Cost

The Company uses the spot rate method to estimate the service and interest components of net periodic benefit cost for pension benefits for its U.S. and certain non-U.S. plans. The Company has elected to utilize an approach that discounts individual expected cash flows underlying interest and service costs using the applicable spot rates derived from the yield curve used to determine the benefit obligation to the relevant projected cash flows. The discount rate assumption is based on market rates for a hypothetical portfolio of high-quality corporate bonds rated Aa or better with maturities closely matched to the timing of projected benefit payments for each plan at its annual measurement date. The Company used discount rates ranging from 0.8% to 8.75% to determine its pension and other benefit obligations as of December 31, 2020, including weighted average discount rates of 2.60% for U.S. pension plans and 1.78% for non-U.S. pension plan.

Defined Contribution Plans

Most U.S. salaried employees and certain non-U.S. employees are eligible to participate in defined contribution plans by contributing a portion of their compensation which is partially matched by the Company. Matching contributions for the U.S. defined contribution plan are 100% on the first 6% of pay contributed. Matching contributions were suspended from May 1, 2020 to September 30, 2020 as a part of the cost saving actions in response to the COVID-19 pandemic. The expense related to all matching contributions was approximately \$5 million in 2020, \$8 million in 2019, and \$7 million in 2018.

Other Postretirement Employee Benefit Plans

In Canada, the Company has a financial obligation for the cost of providing other postretirement health care and life insurance benefits to certain of its employees under Company-sponsored plans. These plans generally pay for the cost of health care and life insurance for retirees and dependents, less retiree contributions and co-pays. Other postretirement benefit obligations were \$1 million at December 31, 2020 and 2019.

NOTE 13. Stock-Based Compensation

The Visteon Corporation 2010 Incentive Plan (the "2010 Incentive Plan") provided for the grant of up to 4.75 million shares of common stock for restricted stock awards ("RSAs"), restricted stock units ("RSUs"), non-qualified stock options ("Stock Options"), stock appreciation rights ("SARs"), performance based share units ("PSUs"), and other stock based awards. At the Company's annual meeting of shareholders in June 2020, the shareholders approved the Visteon Corporation 2020 Incentive Plan (the "2020 Incentive Plan"), replacing the 2010 Incentive Plan. Pursuant to the 2020 Incentive Plan, the Company may grant up to 1.5 million shares of common stock for RSA, RSUs, Stock Options, SARs, PSUs, and other stock based awards. The Company's stock-based compensation instruments are accounted for as equity awards or liability awards based on settlement intention as follows:

- For equity settled stock-based compensation instruments, compensation cost is measured based on grant date fair value of the award and is recognized over the applicable service period. For equity settled stock-based compensation instruments, the delivery of Company shares may be on a gross settlement basis or a net settlement basis. The Company's policy is to deliver such shares using treasury shares or issuing new shares.
- Cash settled stock-based compensation instruments are subject to liability accounting. At the end of each reporting period, the vested portion of the obligation for cash settled stock-based compensation instruments is adjusted to fair value based on the period-ending market prices of the Company's common stock. Related compensation expense is recognized based on changes to the fair value over the applicable service period.

Generally, the Company's stock-based compensation instruments are subject to graded vesting and recognized on an accelerated basis. The settlement intention of the awards is at the discretion of the Organization and Compensation Committee of the Company's Board of Directors. These stock-based compensation awards generally provide for accelerated vesting upon a change-in-control, which is defined in the 2020 Incentive Plan, which requires a double-trigger. Accordingly, the Company may be required to accelerate recognition of related expenses in future periods in connection with the change-in-control events and subsequent changes in employee responsibilities, if any.

The total recognized and unrecognized stock-based compensation expense is as follows:

(In millions)	Year Ended December 31,			Unrecognized Stock-Based Compensation Expense December 31, 2020
	2020	2019	2018	
Performance based share units	\$ 6	\$ 6	\$ (2)	\$ 7
Restricted stock units	10	9	8	13
Stock options	2	2	2	1
Total stock-based compensation expense	\$ 18	\$ 17	\$ 8	\$ 21

During 2018, the Company recognized a \$10 million benefit on forfeiture of unvested shares due to the settlement of a litigation matter as further described in Note 19, "Commitments and Contingencies."

Performance Based Share Units

The number of PSUs that will vest is based on the Company's achievement of a pre-established relative total shareholder return goal compared to its peer group of companies over a period of three years which may range from 0% to 200% of the target award.

A summary of PSU activity is provided below:

	PSUs (In thousands)	Weighted Average Grant Date Fair Value
Non-vested as of December 31, 2017	461	\$ 58.76
Granted	87	124.90
Vested	(63)	105.29
Forfeited	(290)	33.85
Non-vested as of December 31, 2018	195	110.42
Granted	71	111.98
Vested	(73)	89.74
Forfeited	(23)	118.87
Non-vested as of December 31, 2019	170	118.77
Granted	94	84.20
Vested	(66)	116.35
Forfeited	(18)	100.51
Non-vested as of December 31, 2020	180	\$ 106.48

The grant date fair value for PSUs was determined using the Monte Carlo valuation model. Unrecognized compensation expense as of December 31, 2020 for PSUs to be settled in shares of the Company's common stock was \$7 million for the non-vested portion and will be recognized over the remaining vesting period of approximately 1.7 years. The Company made cash settlement payments of less than \$1 million for PSUs expected to be settled in cash during the years ended December 31, 2020 and 2019. Unrecognized compensation expense as of December 31, 2020 was less than \$1 million for the non-vested portion of these awards and will be recognized over the remaining vesting period of approximately 2.0 years.

The Monte Carlo valuation model requires management to make various assumptions including the expected volatility, risk-free interest rate and dividend yield. Volatility is based on the Company's stock history using daily stock prices over a period commensurate with the expected life of the award. The risk-free rate was based on the U.S. Treasury yield curve in relation to the contractual life of the stock-based compensation instrument. The dividend yield was based on historical patterns and future expectations for Company dividends.

Weighted average assumptions used to estimate the fair value of PSUs granted during the years ended as of December 31, 2020 and 2019 are as follows:

	Year Ended December 31,	
	2020	2019
Expected volatility	41.88 %	31.20 %
Risk-free rate	0.67 %	2.43 %
Expected dividend yield	— %	— %

Restricted Stock Units

The grant date fair value of RSUs is measured as the average of the high and low market price of the Company's common stock on the date of grant. These awards generally vest in one-third increments on the grant date anniversary over a three year vesting period.

The Company granted 223,000, 133,000 and 70,000 RSUs, expected to be settled in shares, during the years ended December 31, 2020, 2019 and 2018, respectively, at a weighted average grant date fair value of \$75.52, \$79.88 and \$123.52 per share, respectively. Unrecognized compensation expense as of December 31, 2020 was \$12 million for non-vested RSUs and will be recognized over the remaining vesting period of approximately 1.7 years.

The Company granted 8,000 RSUs, expected to be settled in cash, during each of the years ended December 31, 2020 and 2019, at weighted average grant date fair values of \$76.27 and \$75.02 per share, respectively. The Company made cash settlement payments of less than \$1 million during the years ended December 31, 2020, 2019, and 2018. Unrecognized compensation expense as of December 31, 2020 was \$1 million for non-vested RSUs and will be recognized on a weighted average basis over the remaining vesting period of approximately 1.7 years.

A summary of RSU activity is provided below:

	RSUs	Weighted Average Grant Date
	(In thousands)	Fair Value
Non-vested as of December 31, 2017	230	\$ 87.09
Granted	70	123.52
Vested	(102)	96.34
Forfeited	(34)	61.69
Non-vested as of December 31, 2018	164	105.24
Granted	141	79.61
Vested	(71)	93.60
Forfeited	(18)	92.18
Non-vested as of December 31, 2019	216	90.98
Granted	231	77.57
Vested	(84)	95.70
Forfeited	(46)	77.47
Non-vested as of December 31, 2020	317	\$ 82.31

Additionally, as of December 31, 2020, the Company has 85,000 outstanding RSU's awarded at a weighted average grant date fair value of \$81.05 under the Non-Employee Director Stock Unit Plan which vested immediately but are not settled until the participant terminates board service. Beginning in the third quarter 2020, non-employee director RSU awards were granted under the terms and conditions of the 2020 Incentive Plan, and these awards vest approximately one year from the date of grant. Activity related to non-employee director grants under the 2020 Incentive Plan is included in RSU table above.

Stock Options and Stock Appreciation Rights

Stock Options and SARs are recorded with an exercise price equal to the average of the high and low market price of the Company's common stock on the date of grant. The grant date fair value of these awards is measured using the Black-Scholes option pricing model. Stock Options and SARs generally vest in one-third increments on the grant date anniversary over a three year vesting period and have an expiration date 7 or 10 years from the date of grant.

The Company received payments of \$2 million, less than \$1 million and \$3 million related to the exercise of Stock Options with total intrinsic value of options exercised of less than \$1 million, less than \$1 million, and \$2 million during the years ended December 31, 2020, 2019, and 2018, respectively. Unrecognized compensation expense for non-vested Stock Options as of December 31, 2020 was approximately \$1 million and is expected to be recognized over a weighted average period of 1.5 years.

The Black-Scholes option pricing model requires management to make various assumptions including the expected term, risk-free interest rate, dividend yield and expected volatility. The expected term represents the period of time that granted awards are expected to be outstanding and is estimated based on considerations including the vesting period, contractual term and anticipated employee exercise patterns. The risk-free rate is based on the U.S. Treasury yield curve in relation to the contractual life of the stock-based compensation instrument. The dividend yield is based on historical patterns and future expectations for Company dividends. Volatility is based on the Company's stock history using daily stock prices over a period commensurate with the expected life of the award.

Weighted average assumptions used to estimate the fair value of awards granted during the years ended December 31, 2020, 2019 and 2018 are as follows:

	Stock Options		
	2020	2019	2018
Expected term (in years)	5	5	5
Expected volatility	35.23 %	27.69 %	22.95 %
Risk-free interest rate	0.75 %	2.43 %	2.58 %
Expected dividend yield	— %	— %	— %

A summary of Stock Options and SAR activity is provided below:

	Stock Options	Weighted Average	SARs	Weighted Average
	(In thousands)	Exercise Price	(In thousands)	Exercise Price
December 31, 2017	166	\$ 81.72	8	\$ 69.21
Granted	78	124.35	—	—
Exercised	(31)	68.02	(1)	51.25
December 31, 2018	213	99.36	7	72.84
Granted	106	80.97	—	—
Exercised	(4)	59.37	—	—
Forfeited or expired	(32)	96.02	—	—
December 31, 2019	283	93.51	7	72.84
Granted	112	66.98	—	—
Exercised	(27)	84.98	(1)	56.59
Forfeited or expired	(20)	96.12	—	—
December 31, 2020	348	\$ 85.46	6	\$ 74.77
Exercisable at December 31, 2020	162	\$ 94.53	6	\$ 74.77

Exercise Price	Stock Options and SARs Outstanding		
	Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price
	(In thousands)	(In years)	
\$10.00 - \$60.00	4	0.9	\$ 51.19
\$60.01 - \$80.00	146	5.2	\$ 68.52
\$80.01 - \$100.00	143	4.4	\$ 86.71
\$100.01 - \$130.00	61	4.3	\$ 124.35
	<u>354</u>		

NOTE 14. Income Taxes

Income Tax Provision

Details of the Company's income tax provision from continuing operations are provided in the table below:

(In millions)	Year Ended December 31,		
	2020	2019	2018
Income (Loss) Before Income Taxes: (a)			
U.S.	\$ (65)	\$ 5	\$ 76
Non-U.S.	39	95	127
Total income (loss) before income taxes	<u>\$ (26)</u>	<u>\$ 100</u>	<u>\$ 203</u>
Current Tax Provision:			
Non-U.S.	\$ 21	29	\$ 42
Deferred Tax Provision (Benefit):			
Non-U.S.	7	(5)	1
Total deferred tax provision (benefit)	<u>7</u>	<u>(5)</u>	<u>1</u>
Provision for income taxes	<u>\$ 28</u>	<u>\$ 24</u>	<u>\$ 43</u>

(a) Income (loss) before income taxes excludes equity in net income of non-consolidated affiliates.

A summary of the differences between the provision for income taxes calculated at the U.S. statutory tax rate of 21% and the consolidated income tax provision from continuing operations is shown below:

(In millions)	Year Ended December 31,		
	2020	2019	2018
Tax provision (benefit) at U.S. statutory rate of 21% for 2020, 2019, and 2018	\$ (5)	\$ 21	\$ 43
Impact of foreign operations	(15)	23	16
Non-U.S. withholding taxes	5	10	14
Tax holidays in foreign operations	(4)	(5)	(5)
State and local income taxes	—	—	3
Tax reserve adjustments	1	2	(6)
Change in valuation allowance	46	(10)	(81)
Impact of U.S. tax reform	—	(18)	33
Impact of tax law change	—	—	35
Research credits	(1)	(1)	(5)
Other	1	2	(4)
Provision for income taxes	<u>\$ 28</u>	<u>\$ 24</u>	<u>\$ 43</u>

The Company's provision for income taxes for continuing operations was \$28 million for the year ended December 31, 2020. The tax benefit related to foreign operations of \$15 million reflects \$10 million income tax benefit related to electing to deduct expiring foreign tax credits previously derecognized; and \$5 million income tax benefit to reflect reduction in outside basis deferred tax liabilities and foreign tax credits associated with income from foreign subsidiaries treated as branches for U.S. income tax purposes. These amounts were entirely offset by a corresponding \$15 million income tax expense associated with an increase in the U.S. valuation allowance.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law making significant changes to the U.S. Internal Revenue Code. Changes included, but were not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the migration from a worldwide tax system to a territorial system, which instituted a dividends received deduction for foreign earnings with a one-time transition tax on cumulative post-1986 foreign earnings, a modification of the characterization and treatment of certain intercompany transactions and the creation of a new U.S. corporate minimum tax on certain global intangible low-tax income ("GILTI") of foreign subsidiaries. In accordance with Staff Accounting Bulletin 118 ("SAB 118"), income tax effects of the Act were refined upon obtaining, preparing, and analyzing additional information during the measurement period. During 2018, the Company recorded a \$33 million charge related to the one-time transition tax, the impact of which was entirely offset by a corresponding income tax benefit associated with a reduction in the U.S. valuation allowance. During 2019, the Company further adjusted its estimate of the impact of U.S. tax reform primarily related to assumptions made in calculating its 2018 GILTI inclusion resulting in an \$18 million income tax benefit, the impact of which was entirely offset by a corresponding income tax charge associated with an increase in the U.S. valuation allowance. The Company has made policy elections to account for the GILTI as a period cost when incurred and apply the incremental cash tax savings approach when analyzing the impact GILTI could have on its U.S. valuation allowance assessment.

Items impacting the Company's 2019 effective tax rate include tax expense related to foreign operations of \$23 million which reflects \$6 million tax expense on foreign earnings taxed at rates higher than the U.S. statutory rate; \$8 million related to income tax expense, net of foreign tax credits, associated with income from foreign subsidiaries treated as branches for U.S. income tax purposes; and \$9 million related to U.S. income taxes in connection with GILTI and Subpart F inclusions, net of foreign tax credits, excluding the transition tax on the deemed repatriation of foreign earnings described above. These amounts were offset by a corresponding \$17 million income tax benefit associated with a reduction in the U.S. valuation allowance. Tax reserve adjustments of \$2 million primarily relates to certain transfer pricing positions taken between affiliates in Europe and the U.S.

Items impacting the Company's 2018 effective tax rate include tax expense related to foreign operations of \$16 million which reflects \$8 million tax expense on foreign earnings taxed at rates higher than the U.S. statutory rate and \$8 million related to U.S. income taxes in connection with GILTI and Subpart F inclusions, net of foreign tax credits, excluding the transition tax on the deemed repatriation of foreign earnings described above, entirely offset by a corresponding \$8 million decrease in the U.S. valuation allowance. Tax reserve adjustments of \$6 million primarily reflects the favorable audit developments in connection with uncertain tax positions related to goodwill tax amortization at an affiliate in Asia. The \$35 million unfavorable impact of tax law change in 2018 (excluding the Act) reflects the reduction in deferred tax assets, including net operating loss carryforwards, primarily attributable to the reduction in the corporate income tax rate in France, which was entirely offset by the related valuation allowance.

Deferred Income Taxes and Valuation Allowances

The Company recorded deferred tax liabilities, net of valuation allowances, for U.S. and non-U.S. income taxes and non-U.S. withholding taxes of approximately \$27 million and \$26 million as of December 31, 2020 and 2019, respectively, on the undistributed earnings of certain consolidated and unconsolidated foreign affiliates as such earnings are intended to be repatriated in the foreseeable future. The amount the Company expects to repatriate is based upon a variety of factors including current year earnings of the foreign affiliates, foreign investment needs, and the cash flow needs the Company has in the U.S. and this practice has not changed following incurring the transition tax under the Act. The Company has not provided for deferred income taxes or foreign withholding taxes on the remainder of undistributed earnings from consolidated foreign affiliates because such earnings are considered to be permanently reinvested. It is not practicable to determine the amount of deferred tax liability on such earnings as the actual tax liability, if any, is dependent on circumstances existing when remittance occurs.

The Company evaluates its deferred income taxes quarterly to determine if valuation allowances are required or should be adjusted. This assessment considers, among other matters, the nature, frequency, and amount of recent losses, the duration of

statutory carryforward periods, and tax planning strategies. In making such judgments, significant weight is given to evidence that can be objectively verified. If (i) recent improvements to financial results continue in the U.S., or (ii) recovery of the global economy after the COVID-19 pandemic occurs faster than expected, the Company believes it is possible that sufficient positive evidence may be available to release all, or a portion, of its U.S. valuation allowance in the next twelve to 24 months.

In March 2019, the closure of tax audits in Germany allowed the Company to initiate a tax planning strategy previously determined not to be prudent. This strategy provided the necessary positive evidence to support the future utilization of a portion of the Company's deferred tax assets in Germany resulting in a \$12 million valuation allowance release during the first quarter of 2019. In September 2020, the Company approved a restructuring program impacting engineering and administrative functions globally, including German operations. The September action, combined with earlier 2020 actions, necessitated a reassessment of the future utilization of deferred tax assets in Germany resulting in recording a \$4 million discrete income tax expense adjustment during the third quarter of 2020 to increase the valuation allowance. During the fourth quarter of 2020, the Company completed an analysis related to its Brazil affiliate, Visteon Amazonas ("Amazonas"), resulting in the permanent exclusion of certain incentive income from taxable profits. Consequently, the Company concluded the generation of future taxable income is no longer sufficient to realize the Company's net deferred tax assets at Amazonas resulting in recording a \$3 million valuation allowance during the fourth quarter of 2020.

The components of deferred income tax assets and liabilities are as follows:

(In millions)	December 31,	
	2020	2019
Deferred Tax Assets:		
Net operating losses and credit carryforwards	\$ 1,192	\$ 1,099
Employee benefit plans	80	73
Lease liability	59	55
Fixed assets and intangibles	12	14
Warranty	14	11
Inventory	9	9
Restructuring	13	5
Capitalized expenditures for tax reporting	5	5
Deferred income	10	4
Other	63	55
Valuation allowance	(1,263)	(1,132)
Total deferred tax assets	\$ 194	\$ 198
Deferred Tax Liabilities:		
Outside basis investment differences, including withholding tax	\$ 65	\$ 64
Right-of-use assets	57	54
Fixed assets and intangibles	18	16
All other	27	32
Total deferred tax liabilities	167	166
Net deferred tax assets	\$ 27	\$ 32
Consolidated Balance Sheet Classification:		
Other non-current assets	\$ 55	\$ 59
Deferred tax liabilities non-current	28	27
Net deferred tax assets	\$ 27	\$ 32

At December 31, 2020, the Company had available non-U.S. net operating loss carryforwards and capital loss carryforwards of \$1.5 billion and \$18 million, respectively, which have remaining carryforward periods ranging from 1 year to indefinite. The Company had available U.S. federal net operating loss carryforwards of \$1.8 billion at December 31, 2020, which have remaining carryforward periods ranging from 7 years to indefinite. U.S. foreign tax credit carryforwards are \$385 million at December 31, 2020. These credits will begin to expire in 2021. U.S. research tax credit carryforwards are \$21 million at

December 31, 2020. These credits will begin to expire in 2030. The Company had available tax-effected U.S. state operating loss carryforwards of \$32 million at December 31, 2020, which will expire at various dates between 2021 and 2040.

In connection with the Company's emergence from bankruptcy and resulting change in ownership on the Effective Date, an annual limitation was imposed on the utilization of U.S. net operating losses, U.S. credit carryforwards and certain U.S. built-in losses (collectively referred to as "tax attributes") under Internal Revenue Code ("IRC") Sections 382 and 383. The collective limitation is approximately \$120 million per year on tax attributes in existence at the date of change in ownership. Additionally, the Company has approximately \$385 million of U.S. foreign tax credits and approximately \$18 million of U.S. federal net operating loss carryforwards that are not subject to any current limitation since they were realized after the Effective Date.

Unrecognized Tax Benefits, Inclusive of Discontinued Operations

The Company operates in multiple jurisdictions throughout the world and the income tax returns of its subsidiaries in various tax jurisdictions are subject to periodic examination by respective tax authorities. The Company regularly assesses the status of these examinations and the potential for adverse and/or favorable outcomes to determine the adequacy of its provision for income taxes. The Company believes that it has adequately provided for tax adjustments that it believes are more likely than not to be realized as a result of any ongoing or future examination. Accounting estimates associated with uncertain tax positions require the Company to make judgments regarding the sustainability of each uncertain tax position based on its technical merits. If the Company determines it is more likely than not a tax position will be sustained based on its technical merits, the Company records the largest amount that is greater than 50% likely of being realized upon ultimate settlement. These estimates are updated at each reporting date based on the facts, circumstances and information available. Due to the complexity of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the liabilities recorded.

Gross unrecognized tax benefits at December 31, 2020 and 2019 were \$14 million and \$13 million, respectively. Of these amounts, approximately \$7 million and \$6 million, respectively, represent the amount of unrecognized benefits that, if recognized, would impact the effective tax rate. The gross unrecognized tax benefit differs from that which would impact the effective tax rate due to uncertain tax positions embedded in other deferred tax attributes carrying a full valuation allowance. The Company records interest and penalties related to uncertain tax positions as a component of income tax expense and related amounts accrued at December 31, 2020 and 2019 was \$2 million in both years.

During 2020 and 2019, the Company recorded uncertain tax positions primarily related to certain transfer positions taken between affiliates in Europe and the U.S. During 2018, there were several items that impacted the Company's unrecognized tax benefits resulting in a \$10 million net reduction in income tax expense, inclusive of interest and penalties, of which \$6 million and \$4 million of income tax benefits were reflected in continuing operations and discontinued operations, respectively. The \$6 million income tax benefit in continuing operations primarily reflects the favorable audit developments in connection with uncertain tax positions related to goodwill tax amortization at an affiliate in Asia. The \$4 million income tax benefit in discontinued operations relates to expiring statutes in connection with former climate operations in Europe.

With few exceptions, the Company is no longer subject to U.S. federal tax examinations for years before 2014, or state, local or non-U.S. income tax examinations for years before 2003, although U.S. net operating losses carried forward into open tax years technically remain open to adjustment. Although it is not possible to predict the timing of the resolution of all ongoing tax audits with accuracy, it is reasonably possible that certain tax proceedings in the U.S., Europe, Asia and Mexico could conclude within the next twelve months and result in a significant increase or decrease in the balance of gross unrecognized tax benefits. Given the number of years, jurisdictions and positions subject to examination, the Company is unable to estimate the full range of possible adjustments to the balance of unrecognized tax benefits. The long-term portion of uncertain income tax positions (including interest) in the amount of \$6 million is included in Other non-current liabilities on the Consolidated Balance Sheet, while \$3 million is reflected as a reduction of a deferred tax asset related to a net operating loss included in Other non-current assets on the Consolidated Balance Sheets.

A reconciliation of the beginning and ending amount of unrecognized tax benefits including amounts attributable to discontinued operations is as follows:

(In millions)	Year Ended December 31,	
	2020	2019
Beginning balance	\$ 13	\$ 10
Tax positions related to current period		
Additions	—	3
Tax positions related to prior periods		
Additions	1	1
Reductions	—	(1)
Ending balance	\$ 14	\$ 13

During 2012, Brazil tax authorities issued tax assessment notices to Visteon Sistemas Automotivos (“Sistemas”) related to the sale of its chassis business to a third party, which required a deposit in the amount of \$15 million during 2013 necessary to open a judicial proceeding against the government in order to suspend the debt and allow Sistemas to operate regularly before the tax authorities after attempts to reopen an appeal of the administrative decision failed. Adjusted for currency impacts and accrued interest, the deposit amount is approximately \$11 million as of December 31, 2020. The Company believes that the risk of a negative outcome is remote once the matter is fully litigated at the highest judicial level. These appeal payments, as well as income tax refund claims associated with other jurisdictions, total \$16 million as of December 31, 2020 and are included in Other non-current assets on the Consolidated Balance Sheets.

NOTE 15. Stockholders’ Equity and Non-controlling Interests

Share Repurchase Program

In January 2018 the Company's Board of Directors authorized a total of \$700 million of share repurchases which expired on December 31, 2020. Share repurchases under this authorization include:

- 2,805,531 shares of common stock in 2018 at an average price of \$106.92 for an aggregate purchase amount of \$300 million pursuant to various programs with third-party financial institutions.
- 322,120 shares of common stock in 2019 at an average price of \$62.06 for an aggregate purchase amount of \$20 million pursuant to various programs with third-party financial institutions.
- 233,769 shares of common stock in 2020 at an average price of \$67.87 for an aggregate purchase amount of \$16 million pursuant to various programs with third-party financial institutions.

Treasury Stock

As of December 31, 2020 and 2019, respectively, the Company held 27,156,537 and 27,044,003 shares of common stock in treasury which may be used for satisfying obligations under employee incentive compensation arrangements. The Company values shares of common stock held in treasury at cost.

Non-Controlling Interests

Non-controlling interests in the Visteon Corporation economic entity are as follows:

(In millions)	December 31,	
	2020	2019
Yanfeng Visteon Automotive Electronics Co., Ltd.	\$ 57	\$ 56
Shanghai Visteon Automotive Electronics Co., Ltd.	44	41
Changchun Visteon FAWAY Automotive Electronics Co., Ltd.	20	17
Other	2	1
	<u>\$ 123</u>	<u>\$ 115</u>

In 2019, the Company paid less than \$1 million to purchase the remaining shares of a previous non-controlling interest.

Stock Warrants

In October 2010, the Company issued ten-year warrants at an exercise price of \$9.66 per share. Pursuant to the Ten-Year Warrant Agreement, the original exercise price of \$9.66 for the ten-year warrants was subject to adjustment as a result of the special distribution of \$43.40 per share to shareholders at the beginning of 2016. Remaining warrants of 909 expired unexercised as of December 31, 2020.

Accumulated Other Comprehensive Income (Loss)

Changes in AOCI and reclassifications out of AOCI by component includes:

(In millions)	Year Ended December 31,	
	2020	2019
Changes in AOCI:		
Beginning balance	\$ (267)	\$ (216)
Other comprehensive income (loss) before reclassification, net of tax	(44)	(46)
Amounts reclassified from AOCI	7	(5)
Ending balance	<u>\$ (304)</u>	<u>\$ (267)</u>
Changes in AOCI by component:		
<i>Foreign currency translation adjustments</i>		
Beginning balance	\$ (153)	\$ (142)
Other comprehensive income (loss) before reclassification (a)	38	(11)
Ending balance	<u>(115)</u>	<u>(153)</u>
<i>Net investment hedge</i>		
Beginning balance	4	(5)
Other comprehensive income (loss) before reclassification (a)	(14)	15
Amounts reclassified from AOCI (b)	(5)	(6)
Ending balance	<u>(15)</u>	<u>4</u>
<i>Benefit plans</i>		
Beginning balance	(114)	(71)
Other comprehensive loss before reclassification, net of tax (c)	(59)	(44)
Amounts reclassified from AOCI	8	1
Ending balance	<u>(165)</u>	<u>(114)</u>
<i>Unrealized hedging gain (loss)</i>		
Beginning balance	(4)	2
Other comprehensive income (loss) before reclassification, net of tax (d)	(9)	(6)
Amounts reclassified from AOCI	4	—
Ending balance	<u>(9)</u>	<u>(4)</u>
AOCI ending balance	<u>\$ (304)</u>	<u>\$ (267)</u>

(a) There were no income tax effects for either period due to the valuation allowance.

(b) Amounts are included in "Interest expense" within the Consolidated Statements of Operations.

(c) Amount included in the computation of net periodic pension cost. (See Note 12, "Employee Benefit Plans" for additional details.) Net of tax expense of less than \$1 million, and tax benefit of \$5 million related to benefit plans for the years ended December 31, 2020 and 2019, respectively.

(d) There were no income tax effects for the periods ended December 31, 2020 and 2019.

NOTE 16. Earnings Per Share

A summary of information used to compute basic and diluted earnings per share attributable to Visteon is as follows:

(In millions, except per share amounts)	Year Ended December 31,		
	2020	2019	2018
Numerator:			
Net income (loss) from continuing operations attributable to Visteon	\$ (56)	\$ 71	\$ 163
Net income (loss) from discontinued operations attributable to Visteon	—	(1)	1
Net income (loss) attributable to Visteon	<u>\$ (56)</u>	<u>\$ 70</u>	<u>\$ 164</u>
Denominator:			
Average common stock outstanding - basic	27.9	28.1	29.5
Dilutive effect of performance based share units and other	—	0.1	0.2
Diluted shares	<u>27.9</u>	<u>28.2</u>	<u>29.7</u>
Basic and Diluted Per Share Data:			
Basic earnings (loss) per share attributable to Visteon:			
Continuing operations	\$ (2.01)	\$ 2.53	\$ 5.53
Discontinued operations	—	(0.04)	0.03
	<u>\$ (2.01)</u>	<u>\$ 2.49</u>	<u>\$ 5.56</u>
Diluted earnings (loss) per share attributable to Visteon:			
Continuing operations	\$ (2.01)	\$ 2.52	\$ 5.49
Discontinued operations	—	(0.04)	0.03
	<u>\$ (2.01)</u>	<u>\$ 2.48</u>	<u>\$ 5.52</u>

Performance based share units of approximately 276,000 were excluded from the calculation of diluted loss per share because the effect of including them would have been anti-dilutive for the year ended December 31, 2020.

NOTE 17. Fair Value Measurements

Fair Value Hierarchy

The Company uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs.

- Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.
- Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.
- Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Assets which are valued at net asset value per share ("NAV"), or its equivalent, as a practical expedient are reported outside the fair value hierarchy, but are included in the total assets for reporting and reconciliation purposes.

The fair value hierarchy for assets and liabilities measured at fair value on a recurring basis are as follows:

		December 31, 2020				
(In millions)		Level 1	Level 2	Level 3	NAV	Total
<u>Asset Category:</u>						
Retirement plan assets	\$	114	\$ 228	\$ 18	\$ 549	\$ 909
Foreign currency instruments	\$	—	\$ 1	\$ —	\$ —	\$ 1
<u>Liability Category:</u>						
Foreign currency instruments	\$	—	\$ 27	\$ —	\$ —	\$ 27
Interest rate swaps	\$	—	\$ 11	\$ —	\$ —	\$ 11

		December 31, 2019				
(In millions)		Level 1	Level 2	Level 3	NAV	Total
<u>Asset Category:</u>						
Retirement plan assets	\$	131	\$ 353	\$ 15	\$ 363	\$ 862
<u>Liability Category:</u>						
Foreign currency instruments	\$	—	\$ 6	\$ —	\$ —	\$ 6
Interest rate swaps	\$	—	\$ 7	\$ —	\$ —	\$ 7

Foreign currency instruments and interest rate swaps are valued using industry-standard models that consider various assumptions, including time value, volatility factors, current market, and contractual prices for the underlying and non-performance risk. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace. The carrying amounts of all other non-retirement plan financial instruments approximate their fair values due to their relatively short-term maturities.

Retirement plan assets pertain to a diverse set of securities and investment vehicles held by the Company's defined benefit pension plans. These assets possess varying fair value measurement attributes such that certain portions are categorized within each level of the fair value hierarchy as based upon the level of observability of the inputs utilized in the valuation of the particular asset. The Company may, as a practical expedient, estimate the fair value of certain investments using NAV of the investment as of the reporting date. This practical expedient generally deals with investments that permit an investor to redeem its investment directly with, or receive distributions from, the investee at times specified in the investee's governing documents. Examples of these investments (often referred to as alternative investments) may include ownership interests in real assets, certain credit strategies, and hedging and diversifying strategies. They are commonly in the form of limited partnership interests. The Company uses NAV as a practical expedient when valuing investments in alternative asset classes and funds which are a limited partnership or similar investment vehicle.

Retirement Plan Assets

Retirement plan assets consist of the following:

- Short-term investments, such as cash and cash equivalents, are immediately available or are highly liquid and not subject to significant market risk. Assets comprised of cash, short-term sovereign debt, or high credit-quality money market securities and instruments held directly by the plan are categorized as Level 1. Assets in a registered money market fund are reported as registered investment companies. Assets in a short-term investment fund ("STIF") are categorized as Level 2. Cash and cash equivalent assets denominated in currencies other than the U.S. dollar are reflected in U.S. dollar terms at the exchange rate prevailing at the balance sheet dates.
- Registered investment companies are mutual funds that are registered with the Securities and Exchange Commission. Mutual funds may invest in various types of securities or combinations thereof including equities, fixed income securities, and other assets that are subject to varying levels of market risk and are categorized as Level 1. The share prices for mutual funds are published at the close of each business day.
- Treasury and government securities consist of debt securities issued by the U.S. and non-U.S. sovereign governments and agencies, thereof. Assets with a high degree of liquidity and frequent trading activity are categorized as Level 1

while others are valued by independent valuation firms that employ standard methodologies associated with valuing fixed-income securities and are categorized as Level 2.

- Corporate debt securities consist of fixed income securities issued by corporations. Assets with a high degree of liquidity and frequent trading activity are categorized as Level 1 while others are valued by independent valuation firms that employ standard methodologies associated with valuing fixed-income securities and are categorized as Level 2.
- Common and preferred stocks consist of shares of equity securities. These are directly-held assets that are generally publicly traded in regulated markets that provide readily available market prices and are categorized as Level 1.
- Common trust funds are comprised of shares or units in commingled funds that are not publicly traded. The underlying assets in these funds, including equities and fixed income securities, are generally publicly traded in regulated markets that provide readily available market prices. The entire balance of an investment in a common trust fund that does not have a readily observable market prices as available on a third-party information source, notwithstanding whether the investment has daily liquidity, is categorized as Level 2; unless the investment fund has investment holdings significant to its valuation that are considered as Level 3; or the fund is considered as an alternative strategy (including hedge and diversifying strategies) for which valuation is established by NAV as a practical expedient.
- Liability Driven Investing (“LDI”) is an investment strategy that utilizes certain instruments and securities, interest-rate swaps and other financial derivative instruments intended to hedge a portion of the changes in pension liabilities associated with changes in the actuarial discount rate as applied to the plan’s liabilities. The instruments and securities used typically include total return swaps and other financial derivative instruments. The valuation methodology of the financial derivative instruments contained in this category of assets utilizes standard pricing models associated with fixed income derivative instruments and are categorized as Level 2.
- Other investments include miscellaneous assets and liabilities and are primarily comprised of pending transactions and collateral settlements and are categorized as Level 2.
- Limited partnerships and hedge funds represent investment vehicles with underlying exposures in alternative credit, hedge and diversifying strategies (including hedge fund of funds), real assets, and certain equity exposures. The underlying assets in these funds may include securities transacted in active markets as well as other assets that have values less readily observable and may require valuation techniques that require inputs that are not readily observable. Investment in these funds may be subject to a specific notice period prior to the intended transaction date. In addition, transactions in these funds may require longer settlement terms than traditional mutual funds. These assets are valued based on their respective NAV as a practical expedient to estimate fair value due to the absence of readily available market prices.
- Insurance contracts are reported at cash surrender value and have significant unobservable inputs and are categorized as Level 3.

The fair values of the Company's U.S. retirement plan assets are as follows:

(In millions)

Asset Category	December 31, 2020			
	Level 1	Level 2	NAV	Total
Registered investment companies	\$ 4	\$ —	\$ —	\$ 4
Common trust funds	—	—	436	436
LDI	—	100	—	100
Limited partnerships and hedge funds	—	—	84	84
Cash and cash equivalents	1	34	—	35
Total	\$ 5	\$ 134	\$ 520	\$ 659

(In millions)

Asset Category	December 31, 2019			
	Level 1	Level 2	NAV	Total
Registered investment companies	\$ 3	\$ —	\$ —	\$ 3
Common and preferred stock	27	—	—	27
Common trust funds	—	152	123	275
LDI	—	111	—	111
Limited partnerships and hedge funds	—	—	206	206
Cash and cash equivalents	1	7	—	8
Total	\$ 31	\$ 270	\$ 329	\$ 630

The fair values of the Company's Non-U.S. retirement plan assets are as follows:

(In millions)

Asset Category	December 31, 2020				
	Level 1	Level 2	Level 3	NAV	Total
Registered investment companies	\$ 10	\$ 68	\$ —	\$ —	\$ 78
Treasury and government securities	91	13	—	—	104
Cash and cash equivalents	6	—	—	—	6
Corporate debt securities	—	6	—	—	6
Common and preferred stock	2	—	—	—	2
Common trust funds	—	11	—	14	25
Limited partnerships	—	1	1	15	17
Insurance contracts	—	—	17	—	17
Derivative instruments	—	(5)	—	—	(5)
Total	\$ 109	\$ 94	\$ 18	\$ 29	\$ 250

Asset Category	December 31, 2019				
	Level 1	Level 2	Level 3	NAV	Total
Registered investment companies	\$ 59	\$ 24	\$ —	\$ —	\$ 83
Treasury and government securities	34	18	—	—	52
Cash and cash equivalents	4	1	—	—	5
Corporate debt securities	—	8	—	—	8
Common and preferred stock	3	—	—	—	3
Common trust funds	—	35	—	18	53
Limited partnerships	—	—	—	16	16
Insurance contracts	—	—	15	—	15
Derivative instruments	—	(3)	—	—	(3)
Total	\$ 100	\$ 83	\$ 15	\$ 34	\$ 232

The change in fair value of insurance contracts which used significant unobservable inputs was primarily due to purchases during the years ended December 31, 2020 and 2019.

Items Measured at Fair Value on a Non-recurring Basis

The Company measures certain assets and liabilities at fair value on a non-recurring basis, which are not included in the table above. As these non-recurring fair value measurements are generally determined using unobservable inputs, these fair value measurements are classified within Level 3 of the fair value hierarchy. As further described in Note 7, "Property and Equipment", the fair value of certain fixed assets was less than carrying value and therefore, impairment charges of \$2 million were recorded in the year ended December 31, 2019. No such impairment charges were recorded for the year ended December 31, 2020.

Fair Value of Debt

The fair value of debt was approximately \$347 million and \$390 million as of December 31, 2020 and 2019, respectively. Fair value estimates were based on quoted market prices or current rates for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. Accordingly, the Company's debt is classified as Level 1 "Market Prices" and Level 2 "Other Observable Inputs" in the fair value hierarchy, respectively.

NOTE 18. Financial Instruments

The Company is exposed to various market risks including, but not limited to, changes in foreign currency exchange rates and market interest rates. The Company manages these risks, in part, through the use of derivative financial instruments. The maximum length of time over which the Company hedges the variability in the future cash flows for forecast transactions, excluding those forecast transactions related to the payment of variable interest on existing debt, is eighteen months from the date of the forecast transaction. The maximum length of time over which the Company hedges forecast transactions related to the payment of variable interest on existing debt is the term of the underlying debt. The use of derivative financial instruments creates exposure to credit loss in the event of nonperformance by the counterparty to the derivative financial instruments. The Company limits this exposure by entering into agreements including master netting arrangements directly with a variety of major financial institutions with high credit standards that are expected to fully satisfy their obligations under the contracts. Additionally, the Company's ability to utilize derivatives to manage risks is dependent on credit and market conditions. The Company presents its derivative positions and any related material collateral under master netting arrangements that provide for the net settlement of contracts, by counterparty, in the event of default or termination. Derivative financial instruments designated and non-designated as hedging instruments are included in the Company's Consolidated Balance Sheets at fair value. The Company is not required to maintain cash collateral with its counterparties in relation to derivative transactions.

Accounting for Derivative Financial Instruments

Derivative financial instruments are measured at fair value on a recurring basis under an income approach using industry-standard models that consider various assumptions, including time value, volatility factors, current market and contractual prices for the underlying and non-performance risk. Substantially all of these assumptions are observable in the marketplace

throughout the full term of the instrument or may be derived from observable data. Accordingly, the Company's currency instruments are classified as Level 2, "Other Observable Inputs" in the fair value hierarchy.

For a designated cash flow hedge, the effective portion of the change in the fair value of the derivative instrument is recorded in AOCI in the Consolidated Balance Sheets. When the underlying hedged transaction is realized, the gain or loss previously included in AOCI is recorded in earnings and reflected in the Consolidated Statements of Operations on the same line as the gain or loss on the hedged item attributable to the hedged risk. The gain or loss associated with changes in the fair value of undesignated cash flow hedges are recorded immediately in the Consolidated Statements of Operations, on the same line as the associated risk. For a designated net investment hedge, the effective portion of the change in the fair value of the derivative instrument is recorded as a cumulative translation adjustment in AOCI in the Consolidated Balance Sheets. Derivatives not designated as a hedge are adjusted to fair value through operating results. Cash flows associated with designated hedges are reported in the same category as the underlying hedged item. Cash flows associated with derivatives are reported in net cash provided from operating activities in the Company's Consolidated Statements of Cash Flows except for cash flows associated with net investment hedges, which are reported in net cash used by investing activities.

The Company presents its derivative positions and any related material collateral under master netting arrangements that provide for the net settlement of contracts, by counterparty, in the event of default or termination. Derivative financial instruments are included in the Company's Consolidated Balance Sheets. There is no cash collateral on any of these derivatives.

Foreign Currency Exchange Rate Risk

The Company is exposed to various market risks including, but not limited to, changes in currency exchange rates arising from the sale of products in countries other than the manufacturing source, foreign currency denominated supplier payments, debt, dividends and investments in subsidiaries. The Company manages these risks, in part, through the use of derivative financial instruments. The maximum length of time over which the Company hedges the variability in the future cash flows related to transactions, excluding those transactions as related to the payment of variable interest on existing debt, is eighteen months. The maximum length of time over which the Company hedges forecasted transactions related to variable interest payments is the term of the underlying debt.

Currency Exchange Rate Instruments: The Company primarily uses forward contracts denominated in euro, Japanese yen, Thai baht and Mexican peso intended to mitigate the variability of cash flows denominated in currency other than the hedging entity's functional currency.

As of December 31, 2020 and 2019, the Company had foreign currency hedge economic derivative instruments, with notional amounts of approximately \$18 million and \$8 million, respectively. The aggregate fair value of these derivatives is an asset of \$1 million and a liability of less than \$1 million as of December 31, 2020 and 2019, respectively. The difference between the gross and net value of these derivatives after offset by counter party is not material.

Cross Currency Swaps: The Company has executed cross-currency swap transactions intended to mitigate the variability of the U.S. dollar value of its investment in certain of its non-U.S. entities. These transactions are designated as net investment hedges and the Company has elected to assess hedge effectiveness under the spot method. Accordingly, periodic changes in the fair value of the derivative instruments attributable to factors other than spot exchange rate variability are excluded from the measure of hedge ineffectiveness and reported directly in earnings each reporting period.

As of December 31, 2020 and 2019, the Company had cross currency swaps with an aggregate notional value of \$250 million. The aggregate fair value of these derivatives is a non-current liability of \$27 million and \$6 million as of December 31, 2020 and 2019, respectively. As of December 31, 2020, a gain of approximately \$5 million is expected to be reclassified out of accumulated other comprehensive income into earnings within the next 12 months.

Interest Rate Risk

The Company utilizes interest rate swap instruments to manage its exposure and to mitigate the impact of interest rate variability. The instruments are designated as cash flow hedges, accordingly, the effective portion of the periodic changes in fair value is recognized in accumulated other comprehensive income, a component of shareholders' equity. Subsequently, the accumulated gains and losses recorded in equity are reclassified to income in the period during which the hedged cash flow impacts earnings.

As of December 31, 2020 and 2019, the Company had interest rate swaps with an aggregate notional value of \$300 million and \$250 million, respectively. The aggregate fair value of these derivative transactions is a non-current liability of approximately \$11 million and \$7 million, as of December 31, 2020 and 2019, respectively. As of December 31, 2020, a loss of approximately \$6 million is expected to be reclassified out of accumulated other comprehensive income into earnings within the next 12 months.

Financial Statement Presentation

Gains and losses on derivative financial instruments for the years ended December 31, 2020 and 2019 are as follows:

(In millions)	Amount of Gain (Loss)					
	Recorded Income (Loss) in AOCI, net of tax		Reclassified from AOCI into Income (Loss)		Recorded in Income (Loss)	
	2020	2019	2020	2019	2020	2019
Foreign currency risk – Sales:						
Non-designated cash flow hedges	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Foreign currency risk – Cost of sales:						
Non-designated cash flow hedges	—	—	—	—	—	(1)
Interest rate risk - Interest expense, net:						
Net investment hedges	(14)	15	5	6	—	—
Interest rate swap	(9)	(6)	(4)	—	—	—
	<u>\$ (23)</u>	<u>\$ 9</u>	<u>\$ 1</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ —</u>

Concentrations of Credit Risk

Financial instruments including cash equivalents, derivative contracts, and accounts receivable, expose the Company to counter-party credit risk for non-performance. The Company's counterparties for cash equivalents and derivative contracts are banks and financial institutions that meet the Company's requirement of high credit standing. The Company's counterparties for derivative contracts are substantially investment and commercial banks with significant experience using such derivatives. The Company manages its credit risk through policies requiring minimum credit standing and limiting credit exposure to any one counter-party and through monitoring counter-party credit risks. The Company's concentration of credit risk related to derivative contracts as of December 31, 2020 and 2019 is not material.

The following is a summary of the percentage of net sales and accounts receivable from the Company's largest ultimate customers:

	Percentage of Total Net Sales			Percentage of Total Accounts Receivable	
	December 31,			December 31, 2020	December 31, 2019
	2020	2019	2018		
Ford	22 %	22 %	26 %	13 %	12 %
Mazda	11 %	14 %	18 %	8 %	5 %
Renault/Nissan	11 %	13 %	12 %	11 %	13 %
BMW	11 %	8 %	3 %	8 %	6 %

NOTE 19. Commitments and Contingencies

Litigation and Claims

In 2003, the Local Development Finance Authority of the Charter Township of Van Buren, Michigan issued approximately \$28 million in bonds finally maturing in 2032, the proceeds of which were used at least in part to assist in the development of the Company's U.S. headquarters located in the Township. During January 2010, the Company and the Township entered into a settlement agreement (the "Settlement Agreement") that, among other things, reduced the taxable value of the headquarters property to current market value. The Settlement Agreement also provided that the Company would negotiate in good faith with

the Township in the event that property tax payments were inadequate to permit the Township to meet its payment obligations with respect to the bonds. In October 2019, the Township notified the Company that the Township had incurred a shortfall under the bonds of less than \$1 million and requested that the Company meet to discuss payment. The parties met in November 2019 but no agreement was reached. On December 9, 2019, the Township commenced litigation against the Company in Michigan's Wayne County Circuit Court claiming damages of \$28 million related to what the Township alleges to be the current shortfall and projected future shortfalls under the bonds. The Company disputes the factual and legal assertions made by the Township and will defend the matter vigorously. The Company is not able to estimate the possible loss or range of loss in connection with this matter.

The dispute between the Company and its former President and Chief Executive Officer, Timothy D. Leuliette, was resolved in the first quarter of 2018. Pursuant to the resolution, the Company recognized \$17 million of pre-tax income, representing the forfeiture of stock based awards and release of other liabilities accrued during prior periods. The benefit is classified as a reduction to selling, general and administrative expenses of \$10 million, a benefit to Other income, net of \$4 million, and a benefit to income (loss) from discontinued operations, net of tax of \$3 million in the in the Consolidated Statements of Operations for the year ended December 31, 2018.

In November 2013, the Company and Halla Visteon Climate Corporation ("HVCC"), jointly filed an Initial Notice of Voluntary Self-Disclosure statement with the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") regarding certain sales of automotive HVAC components by a minority-owned, Chinese joint venture of HVCC into Iran. The Company updated that notice in December 2013, and subsequently filed a voluntary self-disclosure regarding these sales with OFAC in March 2014. In May 2014, the Company voluntarily filed a supplementary self-disclosure identifying additional sales of automotive HVAC components by the Chinese joint venture, as well as similar sales involving an HVCC subsidiary in China, totaling approximately \$12 million, and filed a final voluntary-self disclosure with OFAC on October 17, 2014. OFAC is currently reviewing the results of the Company's investigation. Following that review, OFAC may conclude that the disclosed sales resulted in violations of U.S. economic sanctions laws and warrant the imposition of civil penalties, such as fines, limitations on the Company's ability to export products from the United States, and/or referral for further investigation by the U.S. Department of Justice. Any such fines or restrictions may be material to the Company's financial results in the period in which they are imposed, but is not able to estimate the possible loss or range of loss in connection with this matter. Additionally, disclosure of this conduct and any fines or other action relating to this conduct could harm the Company's reputation and have a material adverse effect on our business, operating results and financial condition. The Company cannot predict when OFAC will conclude its own review of our voluntary self-disclosures or whether it may impose any of the potential penalties described above.

The Company's operations in Brazil are subject to highly complex labor, tax, customs and other laws. While the Company believes that it is in compliance with such laws, it is periodically engaged in litigation regarding the application of these laws. As of December 31, 2020, the Company maintained accruals of approximately \$9 million for claims aggregating approximately \$57 million in Brazil. The amounts accrued represent claims that are deemed probable of loss and are reasonably estimable based on the Company's assessment of the claims and prior experience with similar matters.

While the Company believes its accruals for litigation and claims are adequate, the final amounts required to resolve such matters could differ materially from recorded estimates and the Company's results of operations and cash flows could be materially affected.

Product Warranty and Recall

Amounts accrued for product warranty and recall provisions are based on management's best estimates of the amounts that will ultimately be required to settle such items. The Company's estimates for product warranty and recall obligations are developed with support from its sales, engineering, quality and legal functions and include due consideration of contractual arrangements, past experience, current claims and related information, production changes, industry and regulatory developments and various other considerations. These estimates do not include amounts which may ultimately be recovered from the Company's suppliers. The Company can provide no assurances that it will not experience material obligations in the future or that it will not incur significant costs to defend or settle such obligations beyond the amounts accrued or beyond what the Company may recover from its suppliers.

The following table provides a reconciliation of changes in the product warranty and recall liability:

(In millions)	Year Ended December 31,	
	2020	2019
Beginning balance	\$ 49	\$ 48
Provisions	38	26
Change in estimates	(7)	(2)
Currency/other	3	(1)
Settlements	(19)	(22)
Ending balance	\$ 64	\$ 49

Guarantees and Commitments

During 2014, as part of the YFVIC Transaction, the Company guaranteed certain standard non-payment provisions to cover the lenders in event of non-payment of principal, accrued interest, and other fees due. The loan was fully paid by the borrower and the guarantee concurrently relieved during the year ended December 31, 2019.

As part of the agreements of the Climate Transaction and Interiors Divestiture, the Company continues to provide lease guarantees to divested Climate and Interiors entities. As of December 31, 2020, the Company has approximately \$5 million and \$1 million of outstanding guarantees, related to the divested Climate and Interiors entities, respectively. The guarantees represent the maximum potential amount that the Company could be required to pay under the guarantees in the event of default by the guaranteed parties. These guarantees will generally cease upon expiration of current lease agreement which expire in 2026 and 2024 for the Climate and Interiors entities, respectively.

Other Contingent Matters

Various legal actions, governmental investigations and proceedings and claims are pending or may be instituted or asserted in the future against the Company, including those arising out of alleged defects in the Company's products; governmental regulations relating to safety; employment-related matters; customer, supplier and other contractual relationships; intellectual property rights; product warranties; product recalls; and environmental matters. Some of the foregoing matters may involve compensatory, punitive or antitrust or other treble damage claims in very large amounts, or demands for recall campaigns, environmental remediation programs, sanctions, or other relief which, if granted, would require very large expenditures. The Company enters into agreements that contain indemnification provisions in the normal course of business for which the risks are considered nominal and impracticable to estimate.

Contingencies are subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. Reserves have been established by the Company for matters discussed in the immediately foregoing paragraph where losses are deemed probable and reasonably estimable. It is possible, however, that some of the matters discussed in the foregoing paragraph could be decided unfavorably to the Company and could require the Company to pay damages or make other expenditures in amounts, or a range of amounts, that cannot be estimated as of December 31, 2020 and that are in excess of established reserves. The Company does not reasonably expect, except as otherwise described herein, based on its analysis, that any adverse outcome from such matters would have a material effect on the Company's financial condition, results of operations or cash flows, although such an outcome is possible.

NOTE 20. Segment Information and Revenue Recognition

The Company's current reportable segment is Electronics. The Company's Electronics segment provides vehicle cockpit electronics products to customers, including instrument clusters, information displays, infotainment systems, audio systems, telematics solutions, battery monitoring system and head-up displays. As the Company has one reportable segment, total assets, depreciation, amortization and capital expenditures are equal to consolidated results.

Financial results for the Company's reportable segment have been prepared using a management approach, which is consistent with the basis and manner in which financial information is evaluated by the Company's chief operating decision maker in allocating resources and in assessing performance. The Company's chief operating decision maker, the Chief Executive Officer, evaluates the performance of the Company's segment primarily based on net sales, before elimination of inter-company shipments, Adjusted EBITDA (a non-U.S. GAAP financial measure, as defined below) and operating assets.

The accounting policies for the reportable segments are the same as those described in the Note 1, "Summary of Significant Accounting Policies" to the Company's consolidated financial statements.

Segment Net sales

Segment Net sales were \$2,548 million, \$2,945 million and \$2,984 million for the years ended December 31, 2020, 2019 and 2018.

Segment Adjusted EBITDA

The Company defines Adjusted EBITDA as net income attributable to the Company adjusted to eliminate the impact of depreciation and amortization, restructuring expense, net interest expense, equity in net income of non-consolidated affiliates, loss on divestiture, provision for income taxes, discontinued operations, net income attributable to non-controlling interests, non-cash stock-based compensation expense, and other gains and losses not reflective of the Company's ongoing operations.

Adjusted EBITDA is presented as a supplemental measure of the Company's financial performance that management believes is useful to investors because the excluded items may vary significantly in timing or amounts and/or may obscure trends useful in evaluating and comparing the Company's operating activities across reporting periods. Not all companies use identical calculations and, accordingly, the Company's presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Adjusted EBITDA is not a recognized term under U.S. GAAP and does not purport to be a substitute for net income as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. Adjusted EBITDA has limitations as an analytical tool and is not intended to be a measure of cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. In addition, the Company uses Adjusted EBITDA (i) as a factor in incentive compensation decisions, (ii) to evaluate the effectiveness of the Company's business strategies and (iii) the Company's credit agreements use measures similar to Adjusted EBITDA to measure compliance with certain covenants.

Segment Adjusted EBITDA was \$192 million, \$234 million and \$330 million for the years ended December 31, 2020, 2019 and 2018.

The reconciliation of Adjusted EBITDA to net income attributable to Visteon for the years ended December 31, 2020, 2019 and 2018 is as follows:

(In millions)	Year Ended December 31,		
	2020	2019	2018
Net income (loss) attributable to Visteon Corporation	\$ (56)	\$ 70	\$ 164
Depreciation and amortization	104	100	91
Restructuring expense, net	76	4	29
Provision for income taxes	28	24	43
Non-cash, stock-based compensation expense	18	17	8
Interest expense, net	11	9	7
Net income attributable to non-controlling interests	8	11	10
Net (income) loss from discontinued operations, net of tax	—	1	(1)
Equity in net income of non-consolidated affiliates	(6)	(6)	(13)
Other, net	9	4	(8)
Adjusted EBITDA	\$ 192	\$ 234	\$ 330

Financial Information by Geographic Region

Financial information about net sales and net tangible long-lived assets by country are as follows:

(In millions)	Net Sales (a)			Tangible Long-Lived Assets, Net (b)	
	Year Ended December 31,			December 31,	
	2020	2019	2018	2020	2019
United States	\$ 536	\$ 663	\$ 654	\$ 122	\$ 81
Mexico	29	38	67	50	105
Total North America	565	701	721	172	186
Portugal	635	602	563	110	97
Slovakia	251	237	235	51	45
Tunisia	41	71	96	12	10
Other Europe	40	68	87	59	55
Total Europe	967	978	981	232	207
China Domestic	479	527	405		
China Export	196	262	309		
Total China	675	789	714	85	93
Japan	244	393	494	31	23
India	93	110	114	51	50
Other Asia-Pacific	41	57	70	12	13
Total Other Asia-Pacific	378	560	678	94	86
South America	71	91	79	25	29
Inter-region eliminations	(108)	(174)	(189)		
	\$ 2,548	\$ 2,945	\$ 2,984	\$ 608	\$ 601

(a) Company sales based on geographic region where sale originates and not where customer is located.

(b) Tangible long-lived assets include property, plant and equipment and right-of-use assets.

Disaggregated revenue by product lines is as follows:

(In millions)	Year Ended December 31,	
	2020	2019
Product Lines		
Instrument clusters	\$ 1,323	\$ 1,314
Audio and infotainment	478	721
Information displays	422	486
Body and security	99	117
Telematics	57	76
Climate controls	49	72
Other	120	159
	\$ 2,548	\$ 2,945

NOTE 21. Other Income, Net

(In millions)	Year Ended December 31,		
	2020	2019	2018
Pension financing benefits, net	\$ 14	\$ 10	\$ 13
Pension settlement charge	(5)	—	—
Transformation initiatives	—	—	4
Gain on non-consolidated transactions, net	—	—	4
	<u>\$ 9</u>	<u>\$ 10</u>	<u>\$ 21</u>

Pension financing benefits, net include return on assets net of interest costs and other amortization.

During 2020 the Company transferred a portion of the benefit obligation related to its defined benefit U.S. pension plan a third-party issuer. The transaction met the criteria for settlement accounting, and accordingly, the Company recognized a \$5 million pension settlement charge.

During 2018, the Company recognized a \$4 million benefit on settlement of litigation matters with the Company's former President and Chief Executive Officer as further described in Note 19, "Commitments and Contingencies."

On September 1, 2018, the Company invested approximately \$300,000 and acquired an additional 1% ownership in Changchun Visteon FAWAY Auto Electronics Co., Ltd, ("VFAE"), a Chinese automotive electronic applications manufacturer in which the Company had previously been an equity investor. The Company's ownership interest increased to 51% and, because of the change in control, the assets and liabilities of VFAE were consolidated from the date of the transaction.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in periodic reports filed with the SEC under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

At December 31, 2020, an evaluation was performed under the supervision and with the participation of the Company's management, including its Chief Executive and Financial Officers, of the effectiveness of the design and operation of disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2020.

Internal Control over Financial Reporting

Management's report on internal control over financial reporting is presented in Item 8 of this Form 10-K "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K along with the attestation report of Ernst & Young LLP, the Company's independent registered public accounting firm, on the effectiveness of internal control over financial reporting as at December 31, 2020. There were no changes in the Company's internal control over financial reporting during the three months ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Except as set forth herein, the information required by Item 10 regarding its directors is incorporated by reference from the information under the captions "Item - Election of Directors," "Corporate Governance," and "2021 Stockholder Proposals and Nominations" in its 2021 Proxy Statement. The information required by Item 10 regarding its executive officers appears as Item 4A under Part I of this Form 10-K.

The Company has a code of ethics, as such phrase is defined in Item 406 of Regulation S-K, that applies to all directors, officers and employees of the Company and its subsidiaries, including the Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer. The code, entitled "Ethics and Integrity Policy," is available on the Company's website at www.visteon.com.

Item 11. Executive Compensation

The information required by Item 11 is incorporated by reference from the information under the captions "Compensation Committee Report," "Executive Compensation" and "Director Compensation" in its 2021 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated by reference from the information under the caption “Security Ownership of Certain Beneficial Owners and Management” in its 2021 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated by reference from the information under the captions “Corporate Governance - Director Independence” and “Transactions with Related Persons” in its 2021 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is incorporated by reference from the information under the captions “Audit Fees” and “Audit Committee Pre-Approval Process and Policies” in its 2021 Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Form 10-K:

1. *Financial Statements*

See "Index to Consolidated Financial Statements" in Part II, Item 8 of this Form 10-K hereof.

2. *Financial Statement Schedules*

Schedule II — Valuation and Qualifying Accounts

All other financial statement schedules are omitted because they are not required or applicable under instructions contained in Regulation S-X or because the information called for is shown in the financial statements and notes thereto.

3. *Exhibits*

The exhibits listed on the "Exhibit Index" on page 91 hereof are filed with this Form 10-K or incorporated by reference as set forth therein.

VISTEON CORPORATION AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(In millions)	Balance at Beginning of Period	(Benefits)/ Charges to Income	Deductions(a)	Other(b)	Balance at End of Period
Year Ended December 31, 2020:					
Allowance for doubtful accounts	\$ 10	\$ (2)	\$ (4)	\$ —	\$ 4
Valuation allowance for deferred taxes	1,132	46	—	85	1,263
Year Ended December 31, 2019:					
Allowance for doubtful accounts	\$ 6	\$ 5	\$ (1)	\$ —	\$ 10
Valuation allowance for deferred taxes	1,144	(10)	—	(2)	1,132
Year Ended December 31, 2018:					
Allowance for doubtful accounts	\$ 8	\$ 2	\$ (4)	\$ —	\$ 6
Valuation allowance for deferred taxes	1,242	(81)	—	(17)	1,144

(a) Deductions represent uncollectible accounts charged off.

(b) Deferred taxes valuation allowance - represents adjustments recorded through other comprehensive income, exchange, expiration of tax attribute carryforwards, and various tax return true-up adjustments, all of which impact deferred taxes and the related valuation allowances. In 2020, the \$85 million other increase in the valuation allowance for deferred taxes is comprised of \$49 million related to valuation allowance benefits allocated to discontinued operations associated with electing to deduct expiring foreign tax credits previously derecognized for which a valuation allowance is maintained; \$20 million related to exchange; and \$16 million primarily related to other comprehensive income. In 2019, the \$2 million overall decrease in the valuation allowance for deferred taxes is comprised of \$7 million related to exchange, partially offset by \$5 million related to other comprehensive income. In 2018, the \$17 million overall decrease in the valuation allowance for deferred taxes is comprised of \$18 million related to exchange, partially offset by \$1 million related to other comprehensive income.

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
2.1	Fifth Amended Joint Plan of Reorganization, filed August 31, 2010 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Visteon Corporation filed on September 7, 2010 (File No. 001-15827)).
2.2	Fourth Amended Disclosure Statement, filed June 30, 2010 (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K of Visteon Corporation filed on September 7, 2010 (File No. 001-15827)).
3.1	Second Amended and Restated Certificate of Incorporation of Visteon Corporation (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 8-A of Visteon Corporation filed on September 30, 2010 (File No. 000-54138)).
3.2	Amended and Restated Bylaws of Visteon Corporation, as amended through June 9, 2016 (incorporated by reference to Exhibit 3.2.a to the Current Report on Form 8-K of Visteon Corporation filed on June 10, 2016).
4.1	Form of Common Stock Certificate of Visteon Corporation (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K of Visteon Corporation filed on October 1, 2010 (File No. 001-15827)).
4.2	Description of Visteon Corporation Securities Registered Under Section 12 of the Exchange Act of 1934.
10.1	Amended and Restated Employment Agreement, dated October 22, 2020, between Visteon Corporation and Sachin Lawande (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on October 26, 2020).*
10.2	Credit Agreement, dated as of April 9, 2014, among Visteon Corporation, each lender from time to time party thereto, each L/C Issuer from time to time party thereto and Citibank, N.A. as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on April 14, 2014).
10.2.1	Amendment No. 1, dated as of March 25, 2015, to Credit Agreement, dated as of April 9, 2014, by and among Visteon Corporation, each lender from time to time party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on March 27, 2015).
10.2.2	Amendment No. 2 to Credit Agreement, dated as of March 24, 2017, by and among Visteon Corporation, the guarantors party thereto, each lender party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on March 27, 2017).
10.2.3	Amendment No. 3 to Credit Agreement, dated as of November 14, 2017, by and among Visteon Corporation, the guarantors party thereto, each lender party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on November 17, 2017).
10.2.4	Amendment No. 4 to Credit Agreement, dated as of May 30, 2018, by and among Visteon Corporation, the guarantors party thereto, each lender party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on June 1, 2018).
10.2.5	Amendment No. 5 to Credit Agreement, dated as of December 19, 2019, by and among Visteon Corporation, the guarantors party thereto, each lender party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on December 20, 2019).
10.3	Visteon Corporation 2020 Incentive Plan, (incorporated by reference to Appendix C to the Definitive Proxy Statement on Schedule 14A of Visteon Corporation filed on April 23, 2020).*
10.3.1	Form of Terms and Conditions of Nonqualified Stock Options (2020) under the Visteon Corporation 2010 Incentive Plan.*
10.3.2	Form of Performance Stock Unit Grant Agreement (2020) under the Visteon Corporation 2010 Incentive Plan.*
10.3.3	Form of Restricted Stock Unit Grant Agreement (2020) under the Visteon Corporation 2010 Incentive Plan.*

<u>Exhibit No.</u>	<u>Description</u>
<u>10.4</u>	<u>Form of Non-Employee Director Restricted Stock Unit Grant Agreement under the Visteon Corporation 2020 Incentive Plan*</u>
<u>10.5</u>	<u>Visteon Corporation Amended and Restated Deferred Compensation Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-1 of Visteon Corporation filed on October 22, 2010 (File No. 333-107104)).*</u>
<u>10.6</u>	<u>Visteon Corporation 2010 Supplemental Executive Retirement Plan, as amended and restated (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Visteon Corporation filed on November 3, 2011 (File No. 001-15827)).*</u>
<u>10.6.1</u>	<u>Amendment, dated as of September 13, 2012, to the Visteon Corporation 2010 Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on September 18, 2012).*</u>
<u>10.6.2</u>	<u>Amendment, dated as of February 3, 2017, to the Visteon Corporation 2010 Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Visteon Corporation filed on April 27, 2017 (File No. 001-15827)).</u>
<u>10.7</u>	<u>Visteon Corporation 2011 Savings Parity Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Visteon Corporation filed on November 3, 2011 (File No. 001-15827)).*</u>
<u>10.7.1</u>	<u>Amendment, dated as of September 13, 2012, to the Visteon Corporation 2011 Savings Parity Plan, as amended through September 13, 2012 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Visteon Corporation filed on September 18, 2012).*</u>
<u>10.8</u>	<u>Visteon Executive Severance Plan, as amended and restated effective January 2021.*</u>
<u>10.9</u>	<u>Form of Change in Control Agreement between Visteon Corporation and executive officers of Visteon Corporation (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Visteon Corporation filed on October 31, 2012).*</u>
<u>10.9.1</u>	<u>Schedule identifying substantially identical agreements to Officer Change in Control Agreement constituting Exhibit 10.9 hereto entered into by Visteon Corporation with Ms. Trecker and Messrs. Cole, Pynnonen, Ribeiro, Rouquet, and Vallance.*</u>
<u>14.1</u>	<u>Visteon Corporation - Ethics and Integrity Policy (code of business conduct and ethics) (incorporated by reference to Exhibit 14.1 to the Annual Report on Form 10-K of Visteon Corporation filed on February 22, 2018).</u>
<u>21.1</u>	<u>Subsidiaries of Visteon Corporation.</u>
<u>23.1</u>	<u>Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.</u>
<u>24.1</u>	<u>Powers of Attorney relating to execution of this Annual Report on Form 10-K.</u>
<u>31.1</u>	<u>Rule 13a-14(a) Certification of Chief Executive Officer dated February 18, 2021.</u>
<u>31.2</u>	<u>Rule 13a-14(a) Certification of Chief Financial Officer dated February 18, 2021.</u>
<u>32.1</u>	<u>Section 1350 Certification of Chief Executive Officer dated February 18, 2021.</u>
<u>32.2</u>	<u>Section 1350 Certification of Chief Financial Officer dated February 18, 2021.</u>
101.INS	XBRL Instance Document.**
101.SCH	XBRL Taxonomy Extension Schema Document.**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.**

* Indicates that exhibit is a management contract or compensatory plan or arrangement.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files as Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

In lieu of filing certain instruments with respect to long-term debt of the kind described in Item 601(b)(4) of Regulation S-K, Visteon agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request.

Signatures

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, Visteon Corporation has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

VISTEON CORPORATION

By: /s/ ABIGAIL S. FLEMING

Abigail S. Fleming

Vice President and Chief Accounting Officer

Date: February 18, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and the dates indicated.

Signature	Title
<u>/s/ SACHIN LAWANDE</u> Sachin Lawande	Director, President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ JEROME J. ROUQUET</u> Jerome J. Rouquet	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ ABIGAIL S. FLEMING</u> Abigail S. Fleming	Vice President and Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ JAMES J. BARRESE*</u> James J. Barrese	Director
<u>/s/ NAOMI M. BERGMAN*</u> Naomi M. Bergman	Director
<u>/s/ JEFFREY D. JONES*</u> Jeffrey D. Jones	Director
<u>/s/ JOANNE M. MAGUIRE*</u> Joanne M. Maguire	Director
<u>/s/ ROBERT J. MANZO*</u> Robert J. Manzo	Director
<u>/s/ FRANCIS M. SCRICCO*</u> Francis M. Scricco	Director
<u>/s/ DAVID L. TREADWELL*</u> David L. Treadwell	Director

*By: /s/ BRETT PYNNONEN
Brett Pynnonen
Attorney-in-Fact

Description of Visteon Corporation Securities
Registered Under Section 12 of the Exchange Act of 1934

The following summary of the terms of our securities is not meant to be complete and is qualified in its entirety by reference to our second amended and restated certificate of incorporation and our third amended and restated bylaws, both of which are filed as exhibits to this Annual Report on Form 10-K, and the provisions of applicable law.

Authorized Capital Stock

Visteon has the authority to issue a total of 300,000,000 shares of capital stock, consisting of:

- 250,000,000 shares of common stock, par value \$0.01 per share; and
- 50,000,000 shares of preferred stock, par value \$0.01 per share.

Common Stock

The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock which we may designate and issue in the future.

Dividend Rights. Subject to limitations under Delaware law, preferences that may apply to any outstanding shares of preferred stock, and contractual restrictions, holders of our common stock are entitled to receive ratably dividends or other distributions when and if declared by the board of directors. In addition to such restrictions, whether any future dividends are paid will depend on decisions that will be made by the board of directors and will depend on then existing conditions, including our financial condition, contractual restrictions, corporate law restrictions, capital requirements and business prospects. The ability of the board of directors to declare dividends also will be subject to the rights of any holders of outstanding shares of our preferred stock and the availability of sufficient funds under the Delaware General Corporation Law ("DGCL") to pay dividends.

Liquidation Rights. In the event of any liquidation, dissolution or winding up of Visteon, the holders of our common stock will be entitled to share in the net assets of Visteon available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding class of our preferred stock.

Preemptive Rights. Pursuant to our second amended and restated certificate of incorporation, the holders of our common stock have no preemptive rights.

Conversion Rights. Shares of our common stock are not convertible.

Voting Rights. Subject to the rights of the holders of any series of our preferred stock, each outstanding share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders. The holders of our common stock will not have cumulative voting rights.

Preferred Stock

Under the terms of our second amended and restated certificate of incorporation, the board of directors is authorized to issue from time to time up to an aggregate of 50,000,000 shares of preferred stock and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each series, including the dividend rights, dividend rates, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions. If the board of directors decides to issue shares of preferred stock to persons supportive of current management, this could render it more difficult or discourage an attempt to

obtain control of Visteon by means of a merger, tender offer, proxy contest or otherwise. Authorized but unissued shares of preferred stock also could be used to dilute the stock ownership of persons seeking to obtain control of Visteon. To the extent required by 11 U.S.C. § 1123(a)(6), Visteon is prohibited from issuing shares of nonvoting equity securities (within the meaning of such statute).

Certain Anti-Takeover Effects of our Certificate of Incorporation, our Bylaws and Delaware Law

Provisions of Delaware Law. Visteon is a Delaware corporation subject to Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified in the law, a Delaware corporation shall not engage in certain “business combinations” with any “interested stockholder” for a three-year period after the date of the transaction in which the person became an interested stockholder unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by the board of directors of the corporation and authorized by the affirmative vote of holders of at least 66 $\frac{2}{3}$ % of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a “business combination” includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an “interested stockholder” is a person who, together with that person’s affiliates and associates, owns, or within the previous three years did own, 15% or more of the voting stock of the corporation.

Under certain circumstances, Section 203 makes it more difficult for a person who would be an “interested stockholder” to effect various business combinations with a corporation for a three-year period. The provisions of Section 203 may encourage companies interested in acquiring Visteon to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Board of Directors. Our second amended and restated certificate of incorporation and our third amended and restated bylaws provide that the number of directors shall be fixed by the board of directors from time to time. The board of directors shall consist of not less than 3 nor more than 15 members. Under our third amended and restated bylaws, at all meetings of stockholders for the election of directors at which a quorum is present, a majority of the votes cast are required to elect a director except in the event of a contested election (when the number of nominees for election as directors exceeds the number of directors to be elected at such meeting). In the event of a contested election, a plurality of the votes cast would be sufficient to elect a director. Under our second amended and restated certificate of incorporation and our third amended and restated bylaws, a vote of a majority of all then outstanding capital stock entitled to vote at an election of directors is required to remove a director with or without cause and fill the resulting vacancy, except that any director elected separately by the holders of any class or series of stock shall be subject to removal with or without cause at any time by such stockholders, who will fill the resulting vacancy. Vacancies resulting from newly created directorships by reason of an increase in the size of the board of directors shall be filled by a majority vote of the board of directors, provided a quorum is present. Further, vacancies resulting from reasons other than removal or an increase in the size of the board of directors shall be filled by a majority vote of the board of directors, even if less than a quorum. These provisions may deter a stockholder from removing incumbent directors and simultaneously gaining control of the board of directors by filling the vacancies created by this removal with its own nominees.

Advance Notice Procedures. Our third amended and restated bylaws establish an advance notice procedure for stockholder proposals to be brought before a meeting of stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at a meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our corporate secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although our third amended and restated bylaws will not give the board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, our third amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Action by Written Consent; Special Meetings of Stockholders. Our second amended and restated certificate of incorporation provides that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our second amended and restated certificate of incorporation and our third amended and restated bylaws provide that, except as otherwise required by law, special meetings of the stockholders can only be called by our chairman of the board, our chief executive officer, pursuant to a resolution adopted by a majority of our board of directors or by our secretary following receipt of one or more demands to call a special meeting of the stockholders, in accordance with the provisions of our third amended and restated bylaws, from stockholders who hold, in the aggregate, at least twenty percent of the voting power of all shares entitled generally to on the election of directors (without reference to any terms of any preferred stock).

Authorized but Unissued Shares. Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval, subject to the rules and regulations of any applicable stock exchange or similar rules. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise.

Limitations on Directors' and Officers' Liability. Our second amended and restated certificate of incorporation contains a provision eliminating the personal liability of our directors to Visteon or any of its stockholders for monetary damages for breach of fiduciary duty to the fullest extent permitted by applicable law. Our second amended and restated certificate of incorporation and our third amended and restated bylaws also contain provisions generally providing for indemnification and prepayment of expenses to our directors and officers to the fullest extent permitted by applicable law.

Amendment of Certificate of Incorporation and Bylaws. Our second amended and restated certificate of incorporation expressly authorizes the board of directors to adopt, amend, alter or repeal most provisions of our third amended and restated bylaws by a majority vote. The stockholders may also adopt, amend, alter or repeal our third amended and restated bylaws. Stockholder approval is also required to amend, alter, change or repeal any provision of our second amended and restated certificate of incorporation or our third amended and restated bylaws inconsistent with any provision in our second amended and restated certificate of incorporation or our third amended and restated bylaws that requires a particular vote of stockholders in order to take the action specified in such provision.

Tax Benefit Preservation. Our second amended and restated certificate of incorporation provides, subject to certain exceptions therein, that any attempted transfer of Visteon's securities prior to the earliest of:

- December 31, 2019,
- the repeal, amendment or modification of Section 382 of the Internal Revenue Code of 1986, as amended (“Section 382”) in such a way as to render the restrictions imposed by Section 382 no longer applicable to Visteon,
- the beginning of a taxable year of Visteon in which no net operating loss carryovers, capital loss carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers or any loss or deduction attributable to a net realized “built-in loss” within the meaning of Section 382 of Visteon or any of its direct or indirect subsidiaries (“Tax Benefits”) are available, and
- the date on which the limitation amount imposed by Section 382 in the event of an ownership change of Visteon would not be materially less than the net operating loss carry forward or net unrealized built-in loss of Visteon (the earliest of such dates being the “Restriction Release Date”), or

any attempted transfer of Visteon’s securities pursuant to an agreement entered into prior to the Restriction Release Date, shall be prohibited and void ab initio insofar as it purports to transfer ownership or rights in respect of such stock to the purported transferee:

- if the transferor is a person or group of persons that is identified as a “5-percent shareholder” of Visteon pursuant to Treasury Regulation § 1.382-2T(g) other than a “direct public group” as defined in such regulation (a “Five-Percent Stockholder”), or
- to the extent that, as a result of such transfer, either any person or group of persons shall become a Five-Percent Stockholder or the percentage stock ownership interest in Visteon of any Five-Percent Stockholder shall be increased.

These restrictions could prohibit or delay the accomplishment of an ownership change with respect to Visteon by (i) discouraging any person or group from being a Five-Percent Stockholder and (ii) discouraging any existing Five-Percent Stockholder from acquiring more than a minimal number of additional shares of Visteon’s stock.

Business Opportunities. In recognition that our investors and their officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries may serve as our directors and/or officers and that our investors may engage in similar activities or lines of business that we do, our second amended and restated certificate of incorporation provides for the allocation of certain business opportunities between us and our investors. Specifically, none of our investors or any officer, director, agent, stockholder, member, partner or affiliate of an investor has any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business that we do. In the event that any investor acquires knowledge of a potential transaction or matter which may be a business opportunity for itself and us, we will not have any expectancy in such business opportunity, and the investor will not have any duty to communicate or offer such business opportunity to us and may pursue or acquire such business opportunity for itself or direct such opportunity to another person. In addition, if a director or officer of us who is also an officer, director, agent, stockholder, member, partner or affiliate of any investor acquires knowledge of a potential transaction or matter which may be a business opportunity for us and an investor, we will not have any expectancy in such business opportunity unless such

business opportunity is expressly offered to such person solely in his or her capacity as a director or officer of us.

No such person shall be liable to Visteon or any of its subsidiaries for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to Visteon or its subsidiaries.

These provisions of our certificate of incorporation are permitted by Section 122 of the DGCL, and, accordingly, we and all of our stockholders will be subject to them.

Transactions with Interested Directors or Officers. In recognition that we may engage in material business transactions with one or more of our directors or officers, an entity in which one or more of our directors or officers are its directors or officers or have a financial interest, our third amended and restated bylaws provide that such a contract or transaction will not be void or voidable solely because a director or officer is interested, or solely because the director or officer is present at or participates in the meeting which authorizes the contract or transaction, or solely because such person's votes are counted for such purpose if:

- the material facts as to such person's or persons' relations or interest as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board of directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of disinterested directors, even though the number of disinterested directors may be less than a quorum; or
- the material facts as to such person's or person's relationship or interest as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or
- the contract or transaction is fair as to us as of the time it is authorized, approved or ratified by the board of directors, a committee thereof or the stockholders.

Transfer Agent and Registrar

Computershare Limited is the transfer agent and registrar for our common stock.

Listing of Our Common Stock

Currently, our common stock is listed on the NASDAQ stock market under the trading symbol "VC".

VISTEON CORPORATION 2020 INCENTIVE PLAN
RESTRICTED STOCK UNIT GRANT AGREEMENT

Visteon Corporation, a Delaware corporation (the “Company”), subject to the terms of the Visteon Corporation 2020 Incentive Plan (the “Plan”) and this Agreement, hereby grants to [Director Name] (the “Participant”), restricted stock units (“Restricted Stock Units”) as further described herein.

1. Grant of Restricted Stock Units.

The Company hereby grants to the Participant [XX] Restricted Stock Units, effective as of [Date] (the “Grant Date”) and subject to the restrictions set forth in this Agreement. In the event of certain corporate transactions, the number of Restricted Stock Units covered by this Agreement may be adjusted by the Committee as further described in Section 13 of the Plan.

2. Vesting of Restricted Stock Units.

(a) The Restricted Stock Units will vest on the date of the one year anniversary of the date of grant or the next annual meeting of stockholders which is at least 50 weeks after the immediately preceding year’s annual meeting.

(b) In the event of a Change in Control Event (as defined in Code Section 409A) with respect to the Company, the outstanding Restricted Stock Units that have not previously vested will become immediately fully vested.

3. Restricted Stock Unit Account and Settlement of Vested Units.

(a) The Company will credit the Restricted Stock Units to an account in the name of the Participant. Distribution of a Participant’s vested Restricted Stock Units shall be made or commence to be made on the later of (i) January 15 of the calendar year following the calendar year in which, or (ii) the first day of the seventh month following the date on which, occurs the Participant’s Separation from Service (such applicable date, the “Settlement Date”).

(b) On the Settlement Date, the Company will distribute to the Participant shares of Stock equal to the number of vested Restricted Stock Units in such Participant’s account; provided that the Committee may direct that a cash payment equal to the accrued value of the Participant’s account be paid in lieu of Stock.

(c) The Company may retain the services of a third-party administrator to perform administrative services in connection with the Plan. To the extent the Company has retained such an administrator, any reference to the Company will be deemed to refer to any such third-party administrator retained by the Company, and the Company may require the Participant to exercise the Participant’s rights under this Agreement only through such third-party administrator.

4. Dividend Equivalents.

In the event of the issuance of dividends on shares of the Company’s common stock, the Participant shall receive, with respect to each Restricted Stock Unit, an additional number of Restricted Stock Units equal to the number that such Participant would have received if the Participant had been the holder of record of one share of Stock and had reinvested any cash dividend paid on such share of Stock into Restricted Stock Units subject to the same terms and conditions as the Restricted Stock Units granted herein. The conversion shall be accomplished by dividing the Participant’s deemed dividends for the month by the Fair Market Value of the Company’s common stock as defined in the Plan.

5. Withholding.

(a) Upon the vesting or settlement of previously granted Restricted Stock Units pursuant to Paragraph 3 above, the Company may satisfy its tax withholding obligations in any manner determined by the Committee, including by withholding a number of Restricted Stock Units or shares of Stock having a Fair Market Value, as determined by the Committee, equal to the amount required to be withheld. The Fair Market Value of any fractional Restricted Stock Unit remaining after the withholding requirements are satisfied will be paid to the Participant in cash. The Company may also require the Participant to deliver a check in the amount of any tax withholding obligation, or to otherwise indemnify the Company, as a condition to the issuance of any stock hereunder.

(b) Dividend equivalents paid on Restricted Stock Units may be subject to applicable tax withholding as described in Paragraph 5(a).

6. Nontransferability.

Except as provided in Paragraph 7 of this Agreement, the Participant has no right to sell, assign, transfer, pledge, or otherwise alienate the Restricted Stock Units, and any attempted sale, assignment, transfer, pledge or other conveyance will be null and void.

7. Beneficiary.

The Participant may designate a beneficiary to receive any settlement of vested Restricted Stock Units that may be made on or after the Participant's death on the form or in the manner prescribed for such purpose by the Committee. Absent such designation, the Participant's beneficiary will be the Participant's estate. The Participant may from time to time revoke or change the beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Company. If the Participant designates his spouse as beneficiary, such designation automatically will become null and void on the date of the Participant's divorce or legal separation from such spouse. The last such designation received by the Company will be controlling; *provided, however*, that no designation, or change or revocation thereof, will be effective unless received by the Company before the Participant's death, and in no event will any designation be effective as of a date before such receipt. If the Committee is in doubt as to the identity of the beneficiary, the Committee may deem the Participant's estate as the beneficiary, or the Company may apply to any court of appropriate jurisdiction and such application will be a complete discharge of the liability of the Company therefor.

8. Securities Law Restrictions.

(a) The Participant acknowledges that any stock that may be transferred to the Participant in settlement of vested Restricted Stock Units, is being acquired for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "Act"). The Participant agrees and acknowledges, with respect to any stock that has not been registered under the Act, that (i) the Participant will not sell or otherwise dispose of such stock except pursuant to an effective registration statement under the Act and any applicable state securities laws, or in a transaction which in the opinion of counsel for the Company is exempt from such registration, and (ii) a legend may be placed on the certificates for the stock to such effect. As further conditions to the issuance of the stock, the Participant agrees for himself or herself, the Participant's beneficiary, and the Participant's heirs, legatees and legal representatives, before such issuance, to execute and deliver to the Company such investment representations and warranties, and to take such other actions, as the Committee determines may be necessary or appropriate for compliance with the Act and any applicable securities laws.

(b) Notwithstanding anything herein to the contrary, the Committee, in its sole and absolute discretion, may delay settlement of or transferring stock to the Participant or the Participant's beneficiary in settlement of vested Restricted Stock Units or may impose restrictions or conditions on the Participant's (or any beneficiary's) ability to directly or indirectly sell, hypothecate, pledge, loan, or otherwise encumber, transfer or dispose of the stock, if the Committee determines that such action is necessary or desirable for compliance with any applicable state, federal or foreign law, the requirements of any stock exchange on which the stock is then traded, or is requested by the Company or the underwriters managing any underwritten offering of the Company's securities pursuant to an effective registration statement filed under the Act.

9. Voting Rights.

The Participant will have no voting rights with respect to the Restricted Stock Units.

10. Limited Interest.

(a) The grant of the Restricted Stock Units will not be construed as giving the Participant any interest other than as provided in this Agreement. The Participant will have no rights as a shareholder as a result of the grant or vesting of the Restricted Stock Units unless and until shares of Stock are issued in settlement of vested Restricted Stock Units.

(b) The grant of the Restricted Stock Units will not confer on the Participant any right to continue as a director or chairman of the Company.

(c) The grant of the Restricted Stock Units will not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger, consolidation or business combination of the Company, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the stock or the rights of the holders thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other Company act or proceeding, whether of a similar character or otherwise.

(d) The Participant acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Restricted Stock Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Restricted Stock Units or benefits in lieu of Restricted Stock Units in the future. Future grants, if any, will be at the sole discretion of the Committee, including, but not limited to, the timing of any grant, the number of shares or units to be granted, and restrictions placed on such shares or units.

11. Consent to Transfer of Personal Data.

The Participant voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Participant's ability to participate in the Plan. The Company holds certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of Stock or directorships held in the Company, details of all options or any other entitlement to shares of Stock or units awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). Visteon Corporation and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation,

administration and management of the Participant's participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of Stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of Stock acquired pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect the Participant's ability to participate in the Plan.

12. Incorporation by Reference.

The terms of the Plan are expressly incorporated herein by reference. Capitalized terms not otherwise defined in this Agreement have the meanings ascribed to them under the Plan. In the event of any conflict between this Agreement and the Plan, this Agreement will govern.

13. Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles thereof.

14. Severability.

If any provision of the Agreement is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement is to be construed and enforced as if the illegal or invalid provision has not been inserted.

15. Amendment.

This Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of Visteon Corporation and the Participant.

16. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

VISTEON CORPORATION

VISTEON EXECUTIVE SEVERANCE PLAN**(as amended and restated effective January 1, 2021)****ARTICLE I. PURPOSE**Section 1.01. Purpose Statement.

Visteon Corporation (the “Company”) has established and maintains the Visteon Executive Severance Plan (the “Plan”) to provide severance benefits to eligible Executives of the Company and its United States subsidiaries and affiliates whose employment with the Company or a United States subsidiary or affiliate of the Company is involuntarily terminated under certain circumstances.

The Plan is an expression of the Company’s present policy with respect to severance benefits for Executives who meet the eligibility requirements set forth herein; it is not a part of any contract of employment. The Plan is intended to comply with ERISA and all other relevant laws. The Plan was originally effective as of October 5, 2010 and was amended and restated effective as June 7, 2017, and again as set forth herein, effective as of January 1, 2021.

This amended and restated version of the Plan supersedes and replaces any prior plans, summary plan descriptions, summaries, policies, publications, practices, memos or notices regarding the Plan and any other severance, termination, or separation benefits (whether oral or written, or formal or informal) for eligible Executives of the Company and its subsidiaries and affiliates who are subject to the terms of the Plan.

ARTICLE II. DEFINITIONSSection 2.01. Definitions.

The following words and phrases, when used in this document, shall have the following meanings, unless the context clearly indicates otherwise:

(a) “Acknowledgement” means a document, in such form as the Plan Administrator may prescribe and that an Executive executes, that contains both (i) an acknowledgment by an Executive that the Executive’s receipt of benefits under Article IV hereof is contingent upon the Executive’s agreement to be bound by the provisions of Article IX hereof and (ii) the Executive’s agreement to be so bound.

(b) “Base Salary” means Executive’s annual base rate of pay in effect at his or her Termination Date, excluding bonuses, one-time payments, incentives, and other remuneration and awards that are not regularly paid throughout the year. The Plan Administrator’s determination of the Executive’s Base Salary shall be final and conclusive.

(c) “Company” means Visteon Corporation, or any successor thereto.

(d) “ERISA” means the Employee Retirement Income Security Act of 1974, and the rulings and regulations promulgated thereunder, all as amended and in effect from time to time.

(e) “Executive” means an employee of the Company or a United States subsidiary or affiliate of the Company at or above Level 18, who directly reports to the CEO of the Company other than those Executives who may report to the CEO of the Company on a temporary basis for a period of less than one year. The Plan Administrator’s determination of the Executive’s reporting relationship shall be final and conclusive.

(f) “Officer” means an Executive who is both: (i) at or above Level 19; and (ii) elected an officer of the Company by the Board of Directors of the Company.

(g) “Plan Administrator” means the Organization and Compensation Committee of the Board of Directors of the Company.

(h) “Release” means a release and waiver of claims (including, if applicable, claims under the Age Discrimination in Employment Act of 1967, as amended) that is in such form as the Plan Administrator may prescribe, that is acceptable to the Company and that an Executive executes for the benefit of the Company and its respective subsidiaries and affiliates, and their respective officers, directors, employees, agents, predecessors, successors and assigns. The Release will include such terms as the Company deems appropriate, including, provisions under which the Executive releases any and all liability, including, without limitation, claims arising out of the employment relationship and the termination of that relationship, and agrees to comply with certain other conditions, which may include, without limitation, maintaining confidentiality of proprietary information, the return of all Company property, non-competition, non-solicitation, non-disparagement obligations and any other covenants as the Company, in its sole discretion, deems appropriate, and the Executive may be required to agree to such additional terms and conditions related to the termination of the applicable employment relationship that the Company, in its sole discretion, decides to require as a condition of receiving severance benefits hereunder.

(i) “Termination Date” is the date on which an Executive’s employment with the Company and its subsidiaries and affiliates terminates.

ARTICLE III. AWARD OF SEVERANCE BENEFITS

Section 3.01. Award of Severance Pay.

Except as provided in Section 3.02 below, an Executive is eligible for a Basic Severance Benefit under Section 4.01, and may qualify for an Enhanced Severance Benefit under Section 4.02, if the Executive’s employment with the Company or a subsidiary or affiliate of the Company was involuntarily terminated by the Company or by a subsidiary or affiliate of the Company. The Plan Administrator shall have final and exclusive discretion to determine whether an Executive’s termination of employment is involuntary.

Section 3.02. Exclusions.

An Executive shall not be eligible for severance benefits under the Plan in any of the following situations:

(a) The Executive voluntarily retires or resigns from employment or in the event of the Executive’s death;

(b) The Executive's position is eliminated and the Executive is offered another position which the Executive declines (unless the Plan Administrator has specifically authorized severance benefits in accordance with the discretion granted to the Plan Administrator under Section 3.01 above);

(c) The Executive is discharged from employment "for cause";

(d) The Executive is terminated or separated for not returning, in a timely manner, from an approved leave of absence;

(e) The Executive's employment ends or is terminated because the Executive is physically or otherwise unable to perform the essential functions of his or her position, with or without any applicable reasonable accommodation;

(f) The Executive's employment terminates while receiving or seeking (or in connection with a condition or situation with respect to which the Executive has indicated an intention to or is otherwise likely to seek) payments or benefits under a program, policy, plan or a law that provides payments or benefits to an Executive unable to work because of illness, injury or disability;

(g) The Executive is eligible to receive pay-in-lieu of notice, severance pay, termination pay or any other form of separation pay under any law;

(h) The Executive is terminated in connection with the sale by the Company, or a subsidiary or affiliate of the Company, of all or part of a division, plant, facility, operation, product line or other unit, or the outsourcing or transfer of functions to a third party vendor, client, or other transferee, where the Executive is offered employment with the purchaser, vendor, client or other transferee with a starting date within 90 days of the Executive's Termination Date;

(i) The Executive's employment is governed by an employment contract (in which case, the employment contract, and not this Plan, shall govern the severance benefits, if any, to be provided to the Executive); or

(j) The Executive is eligible for benefits under any other severance plan, exit incentive plan, or reduction in force plan offered by the Company or a subsidiary or affiliate of the Company.

ARTICLE IV. AMOUNT OF SEVERANCE BENEFIT

Section 4.01. Basic Severance Benefit.

The "Basic Severance Benefit" for any Executive who becomes so entitled shall be an amount equal to four weeks of Base Salary. Payment of the Basic Severance Benefit will be in a single, lump sum cash payment, after withholding of applicable income and payroll taxes and other authorized withholdings.

Section 4.02. Enhanced Severance Benefit.

(a) In any case in which the Plan Administrator has authorized the payment of severance benefits and the Executive provides a Release and an Acknowledgement, in each case in a form prescribed by the Plan Administrator and acceptable to the Company, then in lieu of the Basic Severance Benefit described in Section 4.01, the Executive shall receive an "Enhanced Severance Benefit" described in Sections 4.02(b) and (c) below.

(b) As an Enhanced Severance Benefit:

- (i) Executives at Level 19 and above will be eligible to receive an amount equal to 150% of the sum of (i) one year of Base Salary, plus (ii) the Executive's target annual incentive opportunity in effect on the Termination Date.
- (ii) Executives at Level 18 will be eligible to receive an amount equal to (i) nine months of Base Salary plus (ii) the Executive's target annual incentive opportunity in effect on the Termination Date.

The Enhanced Severance Benefit described in this Section 4.02(b) will be paid in accordance with the terms of Article V and in a single lump sum cash payment, less withholding of applicable income and payroll taxes and other authorized withholdings.

(c) In addition, the Executive will be eligible to receive, as an Enhanced Severance Benefit, an annual incentive for the fiscal year during which the Termination Date occurs, determined as if the Executive had remained employed for the entire year (and any additional period of time necessary to be eligible to receive the annual incentive for the year), based on actual Company performance during the entire fiscal year and without regard to any discretionary adjustments that have the effect of reducing the amount of the annual incentive (other than discretionary adjustments applicable to all senior executives who did not terminate employment), and assuming that any individual goals applicable to the Executive were satisfied at the "target" level, pro-rated based on the number of days in the Company's fiscal year through (and including) the Termination Date. The pro-rated annual incentive shall be payable in a single lump sum at the same time that payments are made to other participants in the annual incentive plan for that fiscal year (upon the terms, and subject to the conditions, of the annual incentive plan but in no event later than two and one-half months after the fiscal year during which the Termination Date occurs).

Section 4.03. Reduction of Benefits.

To the extent permitted under Internal Revenue Code Section 409A, benefits under Section 4.01 or 4.02 will be reduced by the amount of any unpaid obligations that the Executive owes to the Company, a subsidiary or affiliate of the Company and any salary continuation during any notice period or other payments provided by the Company to the Executive pursuant to the Worker Adjustment Retraining and Notification Act or any national, state, local, provincial, municipal, or commonwealth equivalent. Severance pay will not be used or considered in the computation or accrual of benefits under any other plan.

ARTICLE V. PAYMENT OF BENEFITS

Section 5.01. Entitlement to Benefits.

An Executive becomes entitled to severance benefits under Article IV on the date that the Executive has satisfied all of the requirements for receiving a severance benefit (including the Executive's execution of a Release and an Acknowledgement within 60 days after the Termination Date and the expiration of any revocation period that is provided in accordance with applicable law or such policies as may from time to time be adopted by the Plan Administrator). All payments shall be subject to income tax withholding and other appropriate deductions.

Section 5.02. Payment of Benefits.

Cash benefits under the Plan are intended to be separate payments that constitute “short-term deferrals” and “separation pay” that are exempt from the requirements of Internal Revenue Code Section 409A. Accordingly, payment of the Basic Severance Benefit under Section 4.01 and the Enhanced Severance Benefit under Section 4.02, to the extent applicable to the Executive, shall be completed by the later of (i) the 15th day of the third month following the end of the first taxable year in which the Executive becomes entitled to benefits under the Plan, or (ii) the 15th day of the third month following the end of the Company’s first taxable year in which the Executive becomes entitled to benefits under the Plan. The medical, dental and career transition benefits to which the Executive may become entitled under Section 4.04 are also intended to be exempt from Internal Revenue Code Section 409A, and the Plan Administrator (or its delegate) shall administer the Plan consistent with Internal Revenue Code Section 409A and the requirements for exemption of such benefits. The Plan Administrator may adopt additional rules and restrictions with respect to such benefits if the Plan Administrator determines that such rules and restrictions are necessary or appropriate in order to qualify (or continue to qualify) for exemption from Internal Revenue Code Section 409A.

To the extent that the Executive’s right to receive payments or benefits under this Plan constitutes a “deferral of compensation” within the meaning of Internal Revenue Code Section 409A, then notwithstanding anything contained in this Article V to the contrary, payments may only be made under this Plan upon a “separation from service” and upon an event and in a manner permitted by Internal Revenue Code Section 409A, to the extent applicable. In particular, any payment that, but for this sentence, would be payable to a “specified employee” before the date that is the first day of the seventh month following the month in which occurs the Executive’s “separation from service” within the meaning of Internal Revenue Code Section 409A, the payment shall be made on that date and not on the earlier date otherwise provided for in this Plan. Further, all reimbursements and in-kind benefits provided under the Plan shall be made or provided in accordance with the requirements of Internal Revenue Code Section 409A and in no event may the Executive designate the year of payment for any amounts payable under the Plan. Provided further that in no event shall the timing of the Executive’s execution of the Release or an Acknowledgment, directly or indirectly, result in the Executive designating the calendar year of payment, and if a payment that is subject to execution of the Release or Acknowledgment could be made in more than one taxable year, payment shall be made in the later taxable year. The Company makes no representation or warranty and shall have no liability to any Executive or any other person for any taxes or penalties imposed pursuant to Internal Revenue Code Section 409A.

ARTICLE VI. OTHER CONTINUED BENEFITS

Section 6.01. Other Continued Benefits

(a) An Executive’s outstanding awards under the Visteon Corporation 2010 Incentive Plan, Visteon Corporation 2020 Incentive Plan and any successor plan thereto, shall be governed by the terms and conditions of each award or grant, and not by the terms of this Plan.

(b) An Executive who is eligible to receive retirement benefits under a retirement plan maintained by the Company or a subsidiary may apply for and commence retirement benefits in accordance with the terms and conditions of the applicable retirement plan. Retirement benefits are not governed by the terms of this Plan.

Section 6.02. Other Continued Benefits for Executives who are not Officers

1. An Executive who is not an Officer of the Company as defined in this Plan and who is eligible to receive Basic Severance Benefits or Enhanced Severance Benefits and who, on the Executive's Termination Date, was covered under the Company's employer sponsored group medical program is eligible to continue such group medical coverage in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). If the Executive elects to continue medical coverage in accordance with COBRA and the Executive is entitled to an Enhanced Severance Benefit under Section 4.02, the Company will reimburse the Executive for the entire medical COBRA premium contribution for 9 months, which reimbursements will be included in the Executive's income for tax purposes to the extent required by applicable law. The Company may withhold from any such reimbursement an amount sufficient to cover the amount of required taxes and withholding. After such period, the Executive may continue coverage for the remaining unused portion of the COBRA continuation period at his or her sole expense in accordance with the requirements of COBRA. Reimbursement by the Company of COBRA premium contributions will cease after 9 months or when the Executive becomes covered under another plan, whichever is earlier. Company reimbursements of COBRA premium contributions otherwise receivable by the Executive pursuant to this Section 6.02 (a) shall be reduced to the extent benefits of the same type are received by or made available to the Executive by another employer during the 9 month period following the Executive's Termination Date (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive). Termination of coverage or distribution of benefits will be in accordance with the terms of the applicable benefit plan, subject to any rights the Executive (and any qualified beneficiaries) have to elect continuation coverage under COBRA.

2. The Company may, in its sole discretion, provide professional career transition services of the type and for the duration determined by the Plan Administrator.

Section 6.03. Other Benefits for Officers

(a) An Officer who is eligible to receive Basic Severance Benefits or Enhanced Severance Benefits and who, on the Officer's Termination Date was covered under the Company's employer sponsored group medical and/or dental programs is eligible to continue such group medical and/or dental coverage in accordance with COBRA. If the Officer elects to continue medical and dental coverage in accordance with COBRA and the Officer is entitled to an Enhanced Severance Benefit under Section 4.02, the Company will reimburse the Officer for the entire COBRA premium contribution for 18 months, which reimbursements will be included in the Officer's income for tax purposes to the extent required by applicable law. The Company may withhold from any such reimbursement an amount sufficient to cover the amount of required taxes and withholding. Reimbursement by the Company of COBRA premium contributions will cease after 18 months or when the Officer becomes covered under another plan, whichever is earlier. Company reimbursements of COBRA premium contributions otherwise receivable by the Officer pursuant to this Section 6.03 (a) shall be reduced to the extent benefits of the same type are received by or made available to the Officer by another employer during the 18 month period following the Officer's Termination Date (and any such benefits received by or made available to the Officer shall be reported to the Company by the Officer). Termination of coverage or distribution of benefits will be in accordance with the terms of the applicable benefit plan, subject to any rights the Officer (and any qualified beneficiaries) have to elect continuation coverage under COBRA.

(b) The Company will provide professional career transition services to assist an Officer entitled to an Enhanced Severance Benefit in the preparation for and execution of their job search,

which services may include career counseling, assessment of interests and skills, development of job search tools such as resumes and cover letters, preparation of a job discovery strategy, and interview skills coaching. Unless otherwise determined by the Plan Administrator in its sole discretion, the amount expended by the Company with respect to career transition services pursuant to this Section 6.03(b) with respect to any one Officer will not exceed \$50,000. Subject to that dollar limitation, the Company will pay for these services for twelve months or until the Officer becomes employed, whichever is earlier.

ARTICLE VII. CLAIMS PROCEDURE

Section 7.01. Claims Procedure.

(a) Claim for Benefits. Any Executive who believes he or she is entitled to benefits under the Plan in an amount greater than the amount received may file, or have his or her duly authorized representative file, a claim with the Plan Administrator (or, if applicable, the Plan Administrator's delegate). Any such claim shall be filed in writing stating the nature of the claim, and the facts supporting the claim, the amount claimed and the name and address of the claimant. The Plan Administrator shall consider the claim and answer in writing stating whether the claim is granted or denied. The written decision shall be within 90 days of receipt of the claim by the Plan Administrator (or 180 days if additional time is needed and the claimant is notified of the extension, the reason therefor and the expected date of determination prior to commencement of the extension). If the claim is denied in whole or in part, the Executive shall be furnished with a written notice of such denial containing (i) the specific reasons for the denial, (ii) a specific reference to the Plan provisions on which the denial is based, (iii) an explanation of the Plan's appeal procedures set forth in subsection (b) below, (iv) a description of any additional material or information which is necessary for the claimant to submit or perfect an appeal of his or her claim and (v) an explanation of the Executive's right to bring suit under ERISA following an adverse determination upon appeal.

(b) Appeal. If an Executive wishes to appeal the denial of his or her claim, the Executive or his or her duly authorized representative shall file a written notice of appeal to the Plan Administrator (or, if applicable, the Plan Administrator's delegate) within 90 days of receiving notice of the claim denial. In order that the Plan Administrator may expeditiously decide such appeal, the written notice of appeal should contain (i) a statement of the ground(s) for the appeal, (ii) a specific reference to the Plan provisions on which the appeal is based, (iii) a statement of the arguments and authority (if any) supporting each ground for appeal, and (iv) any other pertinent documents or comments which the appellant desires to submit in support of the appeal. The Plan Administrator shall decide the appellant's appeal within 60 days of its receipt of the appeal (or 120 days if additional time is needed and the claimant is notified of the extension, the reason therefore and the expected date of determination prior to commencement of the extension). The Plan Administrator's written decision shall contain the reasons for the decision and reference to the Plan provisions on which the decision is based. If the claim is denied in whole or in part, such written decision shall also include notification of the Executive's right to bring suit for benefits under Section 502(a) of ERISA and the claimant's right to obtain, upon request and free of charge, reasonable access to and copies of all documents, records or other information relevant to the claim for benefits.

(c) Claims Procedures Mandatory. The internal claims procedures set forth in this Article VII are mandatory. If the Executive fails to follow these claims procedures, or to timely file a request for appeal in accordance with this Article VII, the denial of the claim shall become final and binding on all persons for all purposes.

(d) Requirement to Exhaust Claims Procedure. No person may bring an action for any alleged wrongful denial of Plan benefits in a court of law unless the claims procedures set forth above are exhausted and a final determination is made by the Plan Administrator (or, if applicable, the Plan Administrator's delegate). If the Executive or other interested person challenges a decision of the Plan Administrator, a review by the court of law shall be limited to the facts, evidence and issues presented to the Plan Administrator during the claims procedure set forth above. Issues not raised with the Plan Administrator shall be deemed waived.

(e) Claims Deadline. After the Executive has exhausted the Plan's claims and appeals procedure (but not before), the Executive may file a lawsuit in the United States District Court for the Eastern District of Michigan, which court shall have exclusive jurisdiction over such claims. An Executive must file a claim under the Plan's claims and appeals procedure or any lawsuit by the "Claims Deadline," which is 12 months after whichever of the following events happened first: (i) the Executive's first benefit payment was made or should have been made; (ii) the Plan Administrator first denied the Executive's claim; or (iii) the Executive first knew or should have known the important facts relating to his or her claim. An Executive is not permitted to bring a claim under the Plan's claims and appeals procedure or file a lawsuit in court after the Claims Deadline. However, if an Executive starts the Plan's claims and appeals procedure before the Claims Deadline and the Claims Deadline passes before the claims and appeals procedure is completed, the Claims Deadline shall be extended and the Executive may still file a lawsuit during the three-month period after the Plan Administrator sends the final notice denying the Executive's claim.

Section 7.02. Plan Administration; Standard of Review.

The Plan Administrator is the administrator of the Plan and the named fiduciary of the Plan for purposes of ERISA and is vested with the discretionary authority and control to determine eligibility for coverage and benefits (including the discretion to make factual findings and to resolve disputed issues of fact) and to construe, interpret, and administer the terms of the Plan, to correct deficiencies therein, and to apply omissions; any such determination or construction shall be final and binding on all parties unless arbitrary or capricious.

To the extent that the Plan Administrator has appointed a delegate or delegates to administer the claims procedure, any such determination or construction of the delegate shall be final and binding on all parties to the same extent as if made by the Plan Administrator.

Section 7.03. Delegation to the Chief Human Resource Officer.

Subject to such limits as the Plan Administrator may from time to time prescribe, the Company's Chief Human Resources Officer may exercise any of the authority and discretion granted to the Plan Administrator hereunder, provided that the Chief Human Resource Officer shall not exercise any authority and responsibility with respect to non-ministerial matters affecting the Chief Human Resource Officer.

ARTICLE VIII. AMENDMENT AND TERMINATION OF THE PLAN

Section 8.01. Right to Amend and Terminate the Plan.

Except as provided below, the Company reserves the right, by action of the Plan Administrator, to amend, modify or terminate the Plan in whole or in part, at any time, and for any reason, in its sole discretion, without prior notice to Executives.

No amendment, modification or termination of the Plan shall have the effect of reducing the eligibility for severance benefits (or the amount thereof) for any Executive who ceases to be employed by the Company or any subsidiary of the Company before the first anniversary of the date on which the Plan Administrator takes formal action to effect that amendment, modification or termination.

ARTICLE IX. ACKNOWLEDGEMENT AND RESTRICTIVE COVENANTS

Section 9.01. Application of Article IX.

This Article IX applies to any (i) Officer; or (ii) Executive; who (iii) signs and delivers to the Company a Release and an Acknowledgment as contemplated by Section 4.02, as the case may be. The Officer's or Executive's right to receive Enhanced Severance Benefits under Article IV shall be contingent on the Officer or Executive signing a Release and an Acknowledgment that the Officer or Executive is subject to and obligated to comply with the provisions of this Article IX.

Section 9.02. Non-Compete and Non-Solicitation Obligations

(a) "Competition" by the Officer or Executive means engaging in, or otherwise directly or indirectly being employed by or acting as a consultant to, or being a director, officer, employee, principal, agent, shareholder, member, owner or partner of, anywhere in the world that competes, directly or indirectly, with the Company in the Business; provided, however, it shall not be a violation of this Agreement for the Officer or Executive to become the registered or beneficial owner of up to five percent (5%) of any class of share of any entity in Competition with the Company that is publicly traded on a recognized domestic or foreign securities exchange, provided that the Officer or Executive does not otherwise participate in the Business of such corporation.

(b) "Business" means the creation, development, manufacture, sale, promotion and distribution of vehicle electronics, transportation components, integrated systems and modules, electronic technology and other products and services that the Company engages in, or is preparing to become engaged in, at the time of the Participant's termination.

(c) The Officer or Executive agrees that, for a period of 12 months after the Termination Date, the Officer or Executive will not directly or indirectly engage in Competition with the Company.

(d) The Officer or Executive agrees that, for a period of 12 months after the Termination Date, the Officer or Executive will not directly or indirectly: (i) solicit for the Officer's or Executive's benefit or the benefit of any other person or entity, business of the same or of a similar nature to the Business from any customer that is doing business with the Company or that did business with the Company in the six months before the termination of the Officer's or Executive's employment; (ii) solicit for the Officer's or Executive's benefit or the benefit of any other person or entity from any known potential customer of the Company, business of the same or of a similar nature to the Business; (iii) otherwise interfere with the Business of the Company, including, but not limited to, with respect to any relationship or agreement between the Company and any supplier to the Company during the period of the Officer's or Executive's employment; or (iv) solicit for the Officer's or Executive's benefit or the benefit of any other person or entity, the employment or services of, or hire or engage, any individual who was employed or engaged by the Company during the period of the Officer's or Executive's employment.

(e) The Officer or Executive acknowledges that the Company would suffer irreparable harm if the Officer or Executive fails to comply with this Section 9.02, and that the Company would be entitled to any appropriate relief, including money damages, equitable relief and attorneys' fees. The Officer or Executive further acknowledges that enforcement of the covenants in this Section 9.02 is necessary to ensure the protection and continuity of the business and goodwill of the Company and that,

due to the proprietary nature of the Business of the Company, the restrictions set forth herein are reasonable as to geography, duration and scope.

Section 9.03. Confidential Information.

The Officer or Executive will not, at any time after the termination of the Officer's or Executive's employment with the Company, divulge, furnish or make available to any person any confidential knowledge, information or materials, whether tangible or intangible, regarding proprietary matters relating to the Company, including, without limitation, trade secrets, customer and supplier lists, pricing policies, operational methods, marketing plans or strategies, product development techniques or plans, business acquisition or disposition plans, new personnel employment plans, methods of manufacture, technical processes, designs and design projects, inventions and research projects and financial budgets and forecasts of the Company except (a) information which at the time is available to others in the business or generally known to the public other than as a result of disclosure by the Officer or Executive not permitted hereunder, and (b) when required to do so by a court of competent jurisdiction, by any governmental agency or by any administrative body or legislative body (including a committee thereof) with purported or apparent jurisdiction to order the Officer or Executive to divulge, disclose or make accessible such information.

Section 9.04. Non-Disparagement.

The Officer or Executive will not, at any time after the termination of the Executive's employment with the Company, make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Company or its businesses, or any of its Executives, officers, and existing and prospective customers, suppliers, investors and other associated third parties. The obligation set forth in this Section 9.04 does not, in any way, restrict or impede the Officer or Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation or order. The Officer or Executive shall promptly provide written notice of any such order to the Board of Directors of the Company and to the Company's General Counsel.

Section 9.05. Return of Company Property.

The Officer or Executive shall return to the Company or its subsidiaries or affiliates any and all property of the Company or its subsidiaries or affiliates as may be held by the Executive.

ARTICLE X. MISCELLANEOUS PROVISIONS

Section 10.01. Non-Guarantee of Employment or Other Benefits.

Neither the establishment of the Plan, nor any modification or amendment hereof, nor the payment of any benefits hereunder shall be construed as giving any person any legal or equitable right against the Company, a subsidiary or affiliate of the Company, or the Plan Administrator, or the right to payment of any benefits (other than those specifically provided herein), or as giving any person the right to be retained in the service of the Company or a subsidiary or affiliate of the Company.

Section 10.02. Assignment and Alienation; Participant Rights Unsecured.

The right of an Executive to receive severance benefits hereunder shall be an unsecured claim, and the Executive shall not have any rights in or against any specific assets of the Company. The Plan has no trustee and is administered by the Plan Administrator. The right of an Executive to payment of benefits under this Plan shall not be subject to attachment or garnishment (except as otherwise provided in the Plan) and may not be assigned, encumbered, or transferred, except by will or the laws of descent and distribution. The rights of an Executive under this Plan are exercisable during the Executive's lifetime only by the Executive or the Executive's guardian or legal representative.

Section 10.03. Tax Withholding

The Company may withhold from any and all amounts payable under the Plan such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

Section 10.04. Other Benefits.

The payment of severance benefits under the Plan shall not be taken into account to increase any benefits provided (or continue coverage) under any other plan or policy of the Company or its Affiliates, except as otherwise specifically provided in such other plan or policy. The payment of severance benefits under the Plan shall not cause any individual to be deemed an employee of the Company for purposes of participation or accrual of benefits under any other plan or program of employee benefits sponsored by the Company or its Affiliates.

Section 10.05. Severability of Provisions.

If any provision of this Plan shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

Section 10.06. Successors, Heirs, Assigns, and Personal Representatives.

This Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Executive, present and future.

Section 10.07. Status of the Plan.

This Plan is intended to be (i) an "employee welfare benefit plan" within the meaning of Section 3(1) of ERISA, (ii) a "separation pay plan" under Internal Revenue Code Section 409A, in accordance with the regulations issued thereunder, to the extent applicable, and (iii) exempt from the substantive provisions of ERISA as an unfunded plan maintained for the purposes of providing benefits for "a select group of management or highly compensated employees" under Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA (*i.e.*, a "top hat" plan), and will be maintained, interpreted, and administered accordingly. The legal rights and obligations of any person having an interest in the Plan are determined solely by the provisions of the Plan and the Release and Acknowledgment.

Section 10.08. Confidentiality.

Nothing in the Plan restricts or prohibits an Executive from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with, a self-regulatory authority or a government agency or entity, including the

U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General (collectively, the “Regulators”), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. An Executive does not need the prior authorization of the Company to engage in such communications with the Regulators, respond to such inquiries from the Regulators, provide confidential information or documents to the Regulators, or make any such reports or disclosures to the Regulators. An Executive is not required to notify the Company that the Executive has engaged in such communications with the Regulators.

Section 10.09. Trade Secrets.

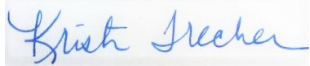
Federal law provides certain protections to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances. Specifically, federal law provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret under either of the following conditions: (a) where the disclosure is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) where the disclosure is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. *See* 18 U.S.C. § 1833(b)(1). Federal law also provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order. *See* 18 U.S.C. § 1833(b)(2). Nothing in the Plan is intended in any way to limit such statutory rights.

Section 10.10. Controlling Law.

This Plan shall be construed and enforced according to the laws of the State of Michigan, to the extent not preempted by Federal law, without giving effect to any Michigan choice of law provisions.

The undersigned, on behalf of the Company, has executed this Plan effective January 1, 2021.

VISTEON CORPORATION



Kristin Trecker
Chief Human Resources Officer

VISTEON CORPORATION 2010 INCENTIVE PLAN, AS AMENDED**NONQUALIFIED STOCK OPTION GRANT AGREEMENT**

Visteon Corporation, a Delaware corporation (the “Company”), subject to the terms and conditions of the Visteon Corporation 2010 Incentive Plan, as amended (the “Amended Plan”) and this non-qualified stock option grant agreement (this “Agreement”), hereby grants to Participant Name, Global ID Employee ID, (the “Participant”), the non-qualified stock option (the “Option”) as further described herein. For purposes of this Agreement, “Employer” means the entity (the Company or a Subsidiary) that employs the Participant. The option granted hereby is **not** intended to be an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. All capitalized words not defined in this Agreement have the meanings assigned to them in the Amended Plan.

1. Grant of Option.

The Company hereby grants to the Participant an “Option” to purchase Number of Awards Granted shares of common stock of the Company (“Option Shares”) with a grant value of Grant Custom 1 per unit, effective as of Grant Date (the “Grant Date”) under the Amended Plan, and exercisable as of the date or dates of vesting discussed below (“Vesting Dates”) at Grant Price (the “Exercise Price”), in accordance with the terms and conditions specified herein. In the event of certain corporate transactions, the number of Option Shares covered by this Agreement may be adjusted by the Organization and Compensation Committee of the Board of Directors of the Company (the “Committee”) as further described in Section 13 of the Amended Plan. Electronic acceptance of this Agreement through the third party designee must be made within 90 days of the Grant Date (by Accept By Date); otherwise the award in its entirety will be forfeited.

1. Vesting of Option.

i. Unless terminated earlier pursuant to Paragraph 3, during the Participant’s continuous employment with the Employer, the Option will vest in accordance with the following vesting schedule:

- a. One-third will vest on the first anniversary of the Grant Date;
- b. One-third will vest on the second anniversary of the Grant Date; and
- c. One-third will vest on the third anniversary of the Grant Date.

ii. If a Change in Control (as defined in the Amended Plan) occurs before the Option has vested in full, the following rules will apply, in addition to the vesting provided for in Paragraph 2(a):

- a. Unless forfeited earlier pursuant to Paragraph 3, if the Option is not assumed, converted or replaced by the acquirer or other continuing entity, the Option will

become fully vested (to the extent not previously vested) immediately before the Change in Control and the Participant will be deemed to have automatically exercised the Option (to the extent vested and outstanding) on the same date.

b. If (A) the Option is assumed, converted or replaced by the acquirer or other continuing entity and (B) the Participant's employment is terminated within 24 months following the Change in Control by the Employer without "Cause" (as defined below) (other than by reason of death or "disability" (as defined below)) or as otherwise set forth in any change in control agreement, the Option, to the extent not previously vested, will become fully vested immediately upon the termination of the Participant's employment and the Participant's rights with respect to the Option will continue in effect until the date 365 days after the date of such termination (but not later than the date immediately preceding the seventh anniversary of the Grant Date), subject to any other limitation on the exercise of such rights in effect at the date of exercise.

2. Termination of Employment.

iii. Except as set forth in Paragraph 2(b)(ii) or in the remaining provisions of this Paragraph 3, if the Participant's employment with the Employer is terminated for any reason, the Participant's right to exercise the Option will terminate on the date of termination of employment and all rights hereunder will cease. The Option will be forfeited to the extent not yet vested as of the date of termination of employment with the Employer.

iv. Notwithstanding the provisions of Paragraph 3(a), if the Participant is placed on an approved leave of absence, with or without pay, the Participant's rights with respect to the Option will continue in effect or continue to accrue as if the Participant was actively employed.

v. Notwithstanding the provisions of Paragraph 3(a), if the Participant's employment with the Employer is terminated by reason of "retirement" (as defined below), disability (for U.S. employees, as defined in the Company's long-term disability plan and for employees outside of the U.S. as determined by the Employer's long-term disability policy or by the Committee or its delegate, in its sole discretion) or death, and provided that at the date of termination, the Participant had remained in the employ of the Employer for at least 180 days following the Grant Date, the Participant's rights with respect to the Option will continue in effect or continue to accrue for the period ending on the date immediately preceding the seventh anniversary of the Grant Date, subject to any other limitation on the exercise of such rights in effect at the date of exercise. For purposes of this Agreement, "retirement" means the Participant terminates employment either (1) after attaining age 55 and completion of at least 10 years of service, or (2) after completion of at least 30 years of service, regardless of age.

vi. Notwithstanding the provisions of Paragraph 3(a), if the Participant's employment with the Employer is terminated by reason of the Participant's voluntary resignation, the Participant's rights with respect to the vested portion of the Option at the date of termination will continue in effect until the date 90 days after the date of such termination (but not later than the date immediately preceding the seventh anniversary of the Grant Date), subject to any other limitation

on the exercise of such rights in effect at the date of exercise. The Option will be forfeited to the extent not yet vested at the date of termination.

vii. Notwithstanding the provisions of Paragraph 3(a), if the Participant's employment with the Employer is involuntarily terminated by the Company without "Cause" (as defined below) and provided that at the date of termination, the Participant had remained in the employ of the Employer for at least 180 days following the Grant Date, the Participant's rights with respect to the vested portion of the Option will continue in effect until the date 365 days after the date of such termination (but not later than the date immediately preceding the seventh anniversary of the Grant Date), subject to any other limitation on the exercise of such rights in effect at the date of exercise. The Option will be forfeited to the extent not yet vested at the date of termination. For purposes of this Paragraph 3(e), "Cause" for termination by the Employer shall mean (i) the willful and continued failure by the Participant to substantially perform the Participant's duties with the Company (other than any such failure resulting from the Participant's incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Participant by (A) if the Participant is an executive officer of the Company, the Board of Directors, or (B) if the Participant is not an executive officer of the Company, the head of the Company's global human resources department, which demand specifically identifies the manner in which the Employer believes that the Participant has not substantially performed the Participant's duties, or (ii) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise.

viii. For purposes of the Option, the Participant's employment is considered terminated as of the earlier of (a) the date the Participant's employment with the Employer is terminated; (b) subject to Paragraph 3(b), the date on which the Participant ceases to provide active service to the Employer; or (c) the date on which the Participant receives a notice of termination of employment (in all cases, regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or rendering services or the terms of the Participant's employment or service contract, if any). The Participant's rights to participate in the Amended Plan will not be extended by any notice period (e.g., service would not include any contractual notice or any period of "garden leave" or period of pay in lieu of such notice required under any employment law in the country where the Participant works or resides (including, but not limited to, statutory law, regulatory law and/or common law)). The Committee or its delegate shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Option.

3. Cancellation of the Option.

The Option will terminate, and cease to be exercisable, on the earliest of the following:

ix. The date immediately preceding the seventh anniversary of the Grant Date; or

x. In the event of the Participant's termination of employment with the Employer, such earlier date as determined in accordance with the rules set forth in Paragraph 3.

4. Exercise of Option.

xi. The Participant may, subject to the limitations of this Agreement and the Amended Plan, exercise all or any portion of the Option that has become vested and that has not been cancelled under Paragraphs 3 or 4 by providing notice of exercise to the Company (in a form acceptable to the Company) specifying the whole number of Option Shares with respect to which the Option is being exercised, (i) accompanied by payment of the exercise price, withholding taxes and any applicable fees and expenses for such Option Shares in cash or by check, (ii) providing notice to the Company (in a form acceptable to the Company) to withhold such number of Option Shares otherwise deliverable upon exercise of the Option having a Market Price equal to the aggregate exercise price, withholding taxes and any applicable fees and expenses for such Option Shares or (iii) through a cashless exercise procedure established by the Committee, provided that if the Participant is an executive officer of the Company, the Company shall have approved such exercise in advance. If the Participant lives in a jurisdiction other than the United States, the Committee has the right to limit the means of exercise to only the foregoing clauses (ii) or (iii).

xii. After receiving proper notice of exercise and full payment of the exercise price, including full payment of any taxes, any brokerage fees associated with the sale of the Option Shares, and any other applicable fees and expenses, the Company will issue to the Participant (or the Participant's beneficiary) the Option Shares purchased and not surrendered.

xiii. Notwithstanding the foregoing, the Option will not be exercisable if and to the extent the Committee determines that such exercise would violate applicable state or federal securities laws or the rules and regulations of any securities exchange on which the Stock is then traded, or would violate the laws of any applicable jurisdiction, and the exercise thereof may be limited or delayed until such requirements are met.

xiv. The Company may retain the services of a third-party administrator to effectuate Option exercises and to perform other administrative services in connection with the Amended Plan. To the extent that the Company has retained such an administrator, any reference to the Company shall be deemed to refer to such third party administrator retained by the Company, and the Company may require the Participant to exercise the Participant's Option only through such third-party administrator.

5. Responsibility for Taxes; Withholding.

(a) Regardless of any action the Company or the Employer takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's sole responsibility. Furthermore, the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant of the Option, the vesting of the Option, the exercise of the Option, and the subsequent sale of any Option Shares acquired pursuant to this Agreement; and (ii) do not commit to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Participant's liability for Tax-

Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date the Option is granted and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(b) The Company and/or the Employer may satisfy its obligation to withhold Tax-Related Items associated with the exercise of the Option as described in clauses 5(a)(i) or (ii) above, in any manner determined by the Committee, including by withholding a portion of the Participant's cash compensation or by withholding a number of Option Shares deliverable having a Market Price equal to the amount required to be withheld. If the obligation for Tax-Related Items is satisfied by withholding a number of Option Shares deliverable, the Participant shall be deemed to have been issued the full number of Option Shares, notwithstanding that a number of the Option Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of the exercise of the Option. The Committee shall determine, in its discretion, whether cash shall be given in lieu of any fractional Option Share remaining after the withholding requirements are satisfied equal to the Fair Market Value of such fractional share or whether some other more administratively feasible mechanism will be utilized. The Company may also require the Participant to deliver a check in the amount of any tax withholding obligation, or to otherwise indemnify the Company, as a condition to the issuance of any shares of Stock hereunder.

(c) In the event the withholding requirements are not satisfied, no shares of Stock will be issued to the Participant (or the Participant's personal representative or beneficiary, as the case may be) upon exercise of the Option unless and until satisfactory arrangements (as determined by the Committee) have been made by the Participant with respect to the payment of any Tax-Related Items.

(d) This Option is intended to be excepted from coverage under Section 409A of the Code ("Section 409A") and shall be administered, interpreted and construed accordingly. The Company may, in its sole discretion and without the Participant's consent, modify or amend this Agreement, impose conditions on the timing and effectiveness of the exercise of the option by the Participant, or take any other action it deems necessary or advisable, to cause the option to be excepted from Section 409A (or to comply therewith to the extent the Company determines it is not excepted). Notwithstanding the foregoing, the Participant recognizes and acknowledges that Section 409A may impose upon the Participant certain taxes or interest charges for which the Participant is, and shall remain, solely responsible.

6. Conditions on Option Award.

(a) Notwithstanding anything herein to the contrary, the Committee may cancel the Option, and may refuse to deliver any Option Shares for which the Participant has tendered a notice of exercise and payment of the exercise price, if before a Change in Control and during the period from the date of the Participant's termination of employment from the Employer to the date any Option Shares purchased hereunder are delivered to the Participant, the Committee determines that the Participant has either (i) refused to be available, upon request, at reasonable

times and upon a reasonable basis, to consult with, supply information to and otherwise cooperate with the Company or its Subsidiaries with respect to any matter that was handled by the Participant or under the Participant's supervision while the Participant was in the employ of the Employer or (ii) engaged in any activity in violation of any non-competition and/or non-solicitation covenants.

(b) Notwithstanding anything herein to the contrary, any Option granted hereunder will be subject to mandatory repayment by the Participant to the Company to the extent the Participant is, or in the future becomes, subject to (i) any Company claw-back or recoupment policy that is adopted to comply with the requirements of any applicable laws, rules or regulations, or otherwise, or (ii) any applicable laws which impose mandatory recoupment, under circumstances set forth in such applicable laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law, regulation or stock exchange listing requirement, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to the Option and recovery of amounts relating thereto. By accepting this Option, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup this Option or amounts paid under this Option subject to claw-back pursuant to such law, government regulation, stock exchange listing requirement or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup this Option or amounts paid hereunder from the Participant's accounts, or pending or future compensation awards that may be made to the Participant.

In the event that the Committee refuses to deliver Option Shares under this Paragraph 7, the amount of the exercise price and taxes, if any, tendered by the Participant or the Participant's beneficiary for purchase of the Option Shares will be promptly returned to the Participant or the beneficiary.

7. Non-transferability.

The Participant has no rights to sell, assign, transfer, pledge, or otherwise alienate the Option under this Agreement, and any such attempted sale, assignment, transfer, pledge or other conveyance will be null and void. The Option will be exercisable during the Participant's lifetime only by the Participant (or the Participant's legal representative).

8. Securities Law Restrictions.

(a) If the Participant is resident outside of the United States, the Option grant is not intended to be a public offering of securities in the Participant's country. The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and this Option grant is not subject to the supervision of the local securities authorities.

(b) Notwithstanding anything herein to the contrary, the Committee, in its sole and absolute discretion, may refuse to honor any notice of exercise, may delay an exercise or delay

issuing Option Shares following an exercise, may impose additional limitations on the Participant's or beneficiary's ability to exercise the Option or receive Option Shares upon exercise, and/or may impose restrictions or conditions on the Participant's or beneficiary's ability to directly or indirectly sell, hypothecate, pledge, loan, or otherwise encumber, transfer or dispose of the Option Shares acquired upon exercise, if the Committee determines that such action is necessary or desirable for compliance with any applicable state, federal or non-U.S. law, the requirements of any stock exchange on which the shares of Stock are then traded, or is requested by the Company or the underwriters managing any underwritten offering of the Company's securities pursuant to an effective registration statement filed under the Securities Act of 1933.

10. Limited Interest.

(i) The grant of the Option shall not be construed as giving the Participant any interest other than as provided in this Agreement. The Participant shall have no voting or any other rights as a shareholder as a result of the grant of the Option, until the Option is exercised, the exercise price and applicable taxes are paid, and the Option Shares issued hereunder.

(i) The grant of the Option shall not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger, consolidation or business combination of the Company, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the stock or the rights of the holders thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other Company act or proceeding, whether of a similar character or otherwise.

11. Nature of Grant.

In accepting the Option, the Participant acknowledges and agrees that:

(a) the Amended Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Option is a one-time benefit and does not create any contractual or other right to receive future grants of stock options or benefits in lieu of stock options, or other benefits in the future, even if stock options have been granted repeatedly in the past;

(c) all decisions with respect to future grants of Options, if any, and their terms and conditions, will be made by the Company, in its sole discretion;

(d) nothing contained in this Agreement is intended to create or enlarge any other contractual obligation between the Company or any of its Subsidiaries and the Participant;

(e) the Participant is voluntarily participating in the Amended Plan;

(f) the grant of the Option will not confer on the Participant any right to continue as an employee or continue in service of the Employer, nor interfere in any way with the right of the Employer to terminate the Participant's employment at any time;

(g) the grant of the Option will not be interpreted to form an employment or service contract or relationship with the Company or any of its Subsidiaries;

(h) the Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and are outside the scope of the Participant's employment contract, if any;

(i) the Option is not intended to replace any pension rights or compensation;

(j) the Option is not part of the Participant's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance resignation, termination, redundancy, dismissal, end-of-services payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits, or similar payments and in no event should they be considered as compensation for, or relating in any way to past services for the Company or any of its Subsidiaries or Affiliates;

(k) the future value of the shares of Stock underlying the Option is unknown and cannot be predicted with certainty;

(l) in consideration of the Option, no claim or entitlement to compensation or damages shall arise from the Option resulting from termination of the Participant's employment (for any reason whatsoever) and the Participant irrevocably releases the Company and its Subsidiaries or Affiliates from any such claim that may arise; if such claim is found by a court of competent jurisdiction to have arisen, then by signing or electronically accepting this Agreement, the Participant shall be deemed to have waived the Participant's entitlement to pursue such claim;

(m) unless otherwise provided in the Amended Plan or by the Company in its discretion, the Option and the benefits evidenced by this Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Stock;

(n) unless otherwise agreed with the Company, the Option is not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary; and

(o) neither the Company nor any of its Subsidiaries or Affiliates shall be liable for any change in the value of the Option, the amount realized upon exercise of the Option or the amount realized upon a subsequent sale of any shares of Stock acquired upon exercise of the

Option, resulting from any fluctuation of the United States Dollar/local currency foreign exchange rate.

1. Data Privacy.

The Company and the Employer hold and control certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, tax jurisdiction, job title, any shares of Stock or directorships held in the Company, details of all options, Restricted Stock Units or any other entitlement to shares of Stock or units awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Amended Plan ("Data").

The Company and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Amended Plan, and the Company and its Subsidiaries may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Amended Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Company will protect the Data by insuring that any such recipients are certified under the E.U.-U.S. Privacy Shield Framework or have entered into an agreement to hold or process such Data in compliance with Privacy Shield Principles, the E.U. Model Clauses or similar legislation of the country where the Participant resides, and will receive, possess, use, retain and transfer the Data, in electronic or other form, solely for the purposes of implementing, administering and managing the Participant's participation in the Amended Plan, including any requisite transfer of such Data as may be required for the administration of the Amended Plan and/or the subsequent holding of shares of Stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of Stock acquired pursuant to the Amended Plan. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.

Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke the Participant's consent, the Participant's employment status with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant Restricted Stock Units, options or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Amended Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact the Participant's local human resources representative.

The Participant may, at any time, exercise the Participant's rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of Data, (b) verify the content, origin and accuracy of Data, (c) request the

integration, update, amendment, deletion, or blockage (for breach of applicable laws) of Data, (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the Amended Plan and the Participant's participation in the Amended Plan, and (e) withdraw the Participant's consent to the collection, processing or transfer of Data as provided hereunder (in which case the Restricted Stock Units, options or other equity awards will be null and void). The Participant may seek to exercise these rights by contacting the Participant's local human resources representative.

Finally, upon request of the Company or the Employer, the Participant agrees to provide an executed data privacy consent form to the Company and/or the Employer (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or the Employer may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Amended Plan in compliance with the data privacy laws in the Participant's country, either now or in the future. The Participant understands and agrees that he or she will not be able to participate in the Amended Plan if the Participant fails to provide any such consent or agreement requested by the Company and/or the Employer

13. Insider Trading/Market Abuse Laws.

By participating in the Amended Plan, the Participant agrees to comply with the Company's policy on insider trading. The Participant further acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws, that may affect the Participant's ability to accept, acquire, sell or otherwise dispose of shares of Stock or exercise the Option under the Amended Plan during such times the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant places before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant understands that third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to comply with any applicable restrictions, and that the Participant should therefore consult his or her personal advisor on this matter.

14. Foreign Asset/Account Reporting and Exchange Control Requirements

The Participant acknowledges that the Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold shares of Stock acquired under the Amended Plan or cash received from participating in the Amended Plan (including from any dividends paid on shares of Stock or sales proceeds from the sale of shares of Stock) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant also may

be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Amended Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

15. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on the Participant's participation in the Amended Plan, on the Option and on any shares of Stock acquired under the Amended Plan, to the extent the Company or any of its Subsidiaries determine it necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Option and the Amended Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. The Participant agrees to take any and all actions, and consents to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Participant's country. In addition, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal obligations under local laws, rules and regulations in the Participant's country.

16. Addendum.

This grant of the Option shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for the Participant's country of residence or employment, if different. Moreover, if the Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's relocation). The Addendum constitutes part of this Agreement.

17. Electronic Delivery of Award Agreement.

The Company, in its sole discretion, may decide to deliver any documents related to current or future participation in the Amended Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Amended Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

18. Language.

If the Participant has received this Agreement or any other document related to the Amended Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

19. No Advice Regarding Grant.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Amended Plan, or the Participant's acquisition or sale of the underlying shares of Stock. The Participant should consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Amended Plan before taking any action related to the Amended Plan.

20. Confidentiality.

(a) The Participant acknowledges and agrees that the Participant's position and employment by the Company has required, and will continue to require, that the Participant have access to, and knowledge of, valuable and sensitive information relating to the Company and its business including, but not limited to, information relating to its products and product development; pricing; engineering and design specifications; trade secrets; customers; suppliers; employees; unique and/or proprietary software and source code; and marketing plans (collectively, "Confidential Information").

(b) The Participant acknowledges and agrees that the Participant will keep in strict confidence, and will not, directly or indirectly, at any time during or after the Participant's employment with the Company, disclose, furnish, disseminate, make available or use Confidential Information of the Company or its customers or suppliers, without limitation as to when or how the Participant may have acquired such information, other than in the proper performance of the Participant's duties to the Company, unless and until such Confidential Information is or shall become general public knowledge through no fault of the Participant.

(c) Nothing contained in this Agreement shall limit the Participant's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other U.S. federal, state or local and/or non-U.S. governmental agency or commission ("Government Agencies"). Furthermore, this Agreement does not limit the Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other Company confidential information, without notice to the Company. This Agreement also does not limit the Participant's right to receive an award for information provided to any Government Agencies. Pursuant to the Defend Trade Secrets Act of 2016, an individual may not be held criminally or civilly liable under any U.S. federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a U.S. federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

21. Non-Competition and Non-Solicitation.

(a) For purposes of this Agreement, “Competition” by the Participant means engaging in, or otherwise directly or indirectly being employed by or acting as a consultant to, or being a director, officer, employee, principal, agent, shareholder, member, owner or partner of, anywhere in the world that competes, directly or indirectly, with the Company in the Business; provided, however, it shall not be a violation of this Agreement for the Participant to become the registered or beneficial owner of up to five percent (5%) of any class of share of any entity in Competition with the Company that is publicly traded on a recognized domestic or foreign securities exchange, provided that the Participant does not otherwise participate in the Business of such corporation.

(b) For purposes of this Agreement, “Business” means the creation, development, manufacture, sale, promotion and distribution of vehicle electronics, transportation components, integrated systems and modules, electronic technology and other products and services that the Company engages in, or is preparing to become engaged in.

(c) The Participant agrees that, during the Participant’s employment and for 18 months after the termination of the Participant’s employment by the Participant or by the Company for any reason, the Participant will not directly or indirectly engage in Competition with the Company.

(d) The Participant agrees that, during the Participant’s employment and for 18 months after the termination of the Participant’s employment by the Participant or by the Company for any reason, the Participant will not directly or indirectly: (i) solicit for the Participant’s benefit or the benefit of any other person or entity, business of the same or of a similar nature to the Business from any customer that is doing business with the Company or that did business with the Company in the six months before the termination of the Participant’s employment; (ii) solicit for the Participant’s benefit or the benefit of any other person or entity from any known potential customer of the Company, business of the same or of a similar nature to the Business; (iii) otherwise interfere with the Business of the Company, including, but not limited to, with respect to any relationship or agreement between the Company and any supplier to the Company during the period of the Participant’s employment; or (iv) solicit for the Participant’s benefit or the benefit of any other person or entity, the employment or services of, or hire or engage, any individual who was employed or engaged by the Company during the period of the Participant’s employment.

(e) The Participant acknowledges that the Company would suffer irreparable harm if the Participant fails to comply with Paragraph 20 or 21 of this Agreement, and that the Company would be entitled to any appropriate relief, including money damages, equitable relief and attorneys' fees. The Participant further acknowledges that enforcement of the covenants in Paragraph 21 is necessary to ensure the protection and continuity of the business and goodwill of the Company and that, due to the proprietary nature of the Business of the Company, the restrictions set forth in Paragraph 21 are reasonable as to geography, duration and scope.

22. Jurisdiction and Venue.

The parties agree that enforcement of this Agreement, including any legal actions for breach of this Agreement, may only be brought in a state or federal court located in Oakland County or Wayne County, Michigan. The parties expressly agree that Michigan state and federal courts may properly exercise personal jurisdiction over them in any such litigation, and hereby waive any objections to personal jurisdiction and venue in: (a) any Michigan state court located in Wayne County or Oakland County, Michigan; or (b) the United States District Court for the Eastern District of Michigan.

1. Incorporation by Reference.

The terms of the Amended Plan are expressly incorporated herein by reference. In the event of any conflict between this Agreement and the Amended Plan, the Amended Plan shall govern.

2. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles thereof.

3. Severability.

If any provision of the Agreement is held unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision had not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

4. Waiver.

The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

5. Binding Effect; No Third Party Beneficiaries.

This Agreement shall be binding upon and inure to the benefit of the Company and the Participant, and to each of our respective heirs, representatives, successors and permitted assigns. Neither the terms of this Agreement nor the Amended Plan shall confer any rights or remedies upon any person other than the Company and the Participant and to each of our respective heirs, representatives, successor and permitted assigns.

6. Amendment.

This Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

7. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

Addendum to

NONQUALIFIED STOCK OPTION GRANT Agreement

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Capitalized terms used but not defined in this Addendum have the meanings set forth in the Amended Plan and/or in the Agreement.

Terms and Conditions

This document (the “Addendum”) includes additional terms and conditions that govern the Nonqualified Stock Option granted under the Amended Plan if the Participant works and/or resides in one of the countries or jurisdictions listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant (or, in the event of the Participant’s relocation, the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate such relocation).

Notifications

This document also includes information regarding certain issues of which the Participant should be aware with respect to the Participant’s participation in the Amended Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2019. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant’s participation in the Amended Plan because the information may be out of date by the time the Participant exercises the Option or sells shares or Stock acquired under the Amended Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his or her situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to the Participant.

European Union (“EU”) / European Economic Area (“EEA”)

Data Privacy. If the Participant resides and/or performs services in the EU/EEA, Paragraph 12 of the Agreement shall be replaced with the following:

The Company, with its registered address at One Village Center Drive, Van Buren Township, Michigan 48111, U.S.A., is the controller responsible for the processing of the Participant’s personal data by the Company and the third parties noted below.

(a) Data Collection and Usage. Pursuant to applicable data protection laws, the Participant is hereby notified that the Company collects, processes and uses certain personally-identifiable information about the Participant for the legitimate interest of implementing, administering and managing the Amended Plan and generally administering equity awards; specifically, including

the Participant's name, home address, email address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any shares of Stock or directorships held in the Company, and details of all Restricted Stock Units, options or any other entitlement to shares of Stock awarded, canceled, exercised, vested, or outstanding in the Participant's favor, which the Company receives from the Participant or the Employer ("**Personal Data**"). In granting options under the Amended Plan, the Company will collect Personal Data for purposes of allocating shares of Stock and implementing, administering and managing the Amended Plan. The Company's legal basis for the collection, processing and use of Personal Data is the necessity of the processing for the Company to perform its contractual obligations under this Agreement and the Amended Plan and the Company's legitimate business interests of managing the Amended Plan, administering employee equity awards and complying with its contractual and statutory obligations.

(b) Stock Plan Administration Service Provider. The Company transfers Personal Data to Fidelity Stock Plan Services, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Amended Plan. In the future, the Company may select a different service provider and share Personal Data with another company that serves in a similar manner. The Company's service provider will open an account for the Participant to receive and trade shares of Stock. The Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to the Participant's ability to participate in the Amended Plan. The processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Amended Plan.

(c) International Data Transfers. The Company and its service providers are based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued only a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. Alternatively, an appropriate level of protection can be achieved by implementing safeguards such as the Standard Contractual Clauses adopted by the EU Commission. Personal Data will be transferred from the EU/EEA to the Company and onward from the Company to any of its service providers based on the EU Standard Contractual Clauses or, if applicable, registration with the EU-U.S. Privacy Shield program. The Participant may request a copy of such appropriate safeguards by contacting his or her local human resources department.

(d) Data Retention. The Company will use Personal Data only as long as is necessary to implement, administer and manage the Participant's participation in the Amended Plan or as required to comply with legal or regulatory obligations, including tax and securities laws. When the Company no longer needs Personal Data, the Company will remove it from its systems. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be for compliance with relevant laws or regulations.

(e) Data Subject Rights. The Participant may have a number of rights under data privacy laws in the Participant's country. For example, the Participant's rights may include the right to (i) request access or copies of Personal Data the Company processes, (ii) request rectification of incorrect Personal Data, (iii) request deletion of Personal Data, (iv) place restrictions on

processing of Personal Data, (v) lodge complaints with competent authorities in the Participant's country, and/or (vi) request a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding the Participant's rights or to exercise the Participant's rights, the Participant may contact his or her local human resources department.

Germany

No country-specific provisions.

Portugal

English Language. The Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepts and agrees with the terms and conditions established in the Amended Plan and the Agreement. ***O Participante, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e do Contrato.***

United Kingdom

Withholding of Taxes. Without limitation to Paragraph 6 of the Agreement, the Participant hereby agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold on the Participant's behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days after the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs may constitute an additional benefit to the Participant on which additional income tax and national insurance contribution may be payable. The Participant understands that the Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company and/or the Employer for the value of any employee national insurance contribution due on this additional benefit, which may be recovered from the Participant's by the Company or the Employer by any of the means referred to in Paragraph 6 of the Agreement.

Exclusion of Claim. The Participant hereby acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to options, whether or not as a result of termination of employment (whether such termination is in breach of contract or otherwise), or from the loss of diminution in value of the options. Upon the grant of the options, the Participant shall be deemed to have waived irrevocably such entitlement.

VISTEON CORPORATION 2010 INCENTIVE PLAN, AS AMENDED**PERFORMANCE STOCK UNIT GRANT AGREEMENT**

Visteon Corporation, a Delaware corporation (the “Company”), subject to the terms of the Visteon Corporation 2010 Incentive Plan, as amended (the “Amended Plan”) and this performance stock unit agreement (this “Agreement”), hereby grants to Participant Name, Global ID Employee ID, (the “Participant”), performance stock units in the form of performance-based restricted stock units (“Performance Stock Units”) pursuant to Section 6 of the Amended Plan, as further described herein. For purposes of this Agreement, “Employer” means the entity (the Company or a Subsidiary) that employs the Participant. All capitalized words not defined in this Agreement have the meanings assigned to them in the Amended Plan.

1. Grant of Performance Stock Units, Target Award.

(a) The Company hereby grants to the Participant Number of Awards Granted Performance Stock Units with a grant value of Grant Custom 1 per unit, effective as of Grant Date (the “Grant Date”) under Section 6 of the Amended Plan, and subject to the restrictions set forth in this Agreement. The Performance Stock Units represent a target number of shares of the Company’s common stock (“Stock”) to be paid (the “Target Award”) if the Company’s “Total Shareholder Return” (as defined below, “TSR”) results during the “Performance Period” (as defined below) relative to returns of similar companies is at the 55th percentile. The actual number of shares of Stock to be transferred to the Participant, if any (the “Final Award”), may be earned up to 200% of the Target Award opportunity, or as low as zero, based on the Company’s TSR performance percentile within the “TSR Peer Group” (as defined below) and upon satisfaction of the conditions to vesting set forth below in this Agreement. In the event of certain corporate transactions, the number of Performance Stock Units covered by this Agreement may be adjusted by the Committee as further described in Section 13 of the Amended Plan. Electronic acceptance of this Agreement through the third party designee must be made within 90 days of the Grant Date (by Accept By Date); otherwise the award in its entirety will be forfeited.

(b) For purposes of this Agreement, the “Performance Period” means the three tranches (collectively) as follows:

(i) “Tranche 1”: January 1, 2020 through December 31, 2020, which is allotted 25% of the Target Award,

(ii) “Tranche 2”: January 1, 2020 through December 31, 2021, which is allotted 25% of the Target Award, and

(iii) “Tranche 3”: January 1, 2020 through December 31, 2022, which is allotted 50% of the Target Award.

(c) For purposes of this Agreement, “Total Shareholder Return” (or “TSR”) is calculated by dividing the “Closing Average Share Value” (as defined below) by the “Opening Average Share Value” (as defined below).

(i) The term “Closing Average Share Value” means the average value of the common stock for the trading days during the 20 trading days ending on the last trading day of the applicable tranche, which shall be calculated as follows: (A) determine the closing price of the common stock on each trading date during the 20-day period, (B) multiply each closing price as of that

trading date by the applicable share number described below, and (C) average the amounts so determined for the 20-day period. The Closing Average Share Value shall take into account any dividends on the common stock for which the ex-dividend date occurred during the applicable tranche, as if the dividend amount had been reinvested in common stock at the closing price on the ex-dividend date. The share number in clause (B) above, for a given trading day, is the sum of one share plus the cumulative number of shares deemed purchased with such dividends. Notwithstanding the foregoing, if the Closing Average Share Value is calculated as of a Change in Control, then the Closing Average Share Value shall be based on the 20-day period ending immediately prior to the Change in Control.

(ii) The term “Opening Average Share Value” means the average value of the common stock for the trading days during the 20 trading days ending on the last trading day prior to the beginning of the applicable tranche, which shall be calculated as follows: (A) determine the closing price of the common stock on each trading date during the 20-day period, (B) multiply each closing price as of that trading date by the applicable share number described below, and (C) average the amounts so determined for the 20-day period. The Opening Average Share Value shall take into account any dividends on the common stock for which the ex-dividend date occurred during the 20-day period, as if the dividend amount had been reinvested in common stock at the closing price on the ex-dividend date. The share number in clause (B) above, for a given trading day, is the sum of one share plus the cumulative number of shares deemed purchased with such dividends.

(d) For purposes of this Agreement, the “TSR Peer Group” includes the following 16 companies (and Visteon Corporation):

Adient PLC Cooper-Standard Holdings Lear Corporation

American Axle & Mfg Holdings Dana Incorporated Magna International

Aptiv PLC Delphi Technologies PLC Meritor Inc.

Autoliv, Inc. Denso Corporation Tenneco Inc.

BorgWarner Inc. Faurecia S.A. Valeo SA

Continental

(e) TSR Peer Group Adjustments.

(i) If a TSR Peer Group company becomes bankrupt, the bankrupt company will remain in the TSR Peer Group positioned at one level below the lowest performing non-bankrupt TSR Peer Group company. In the case of multiple bankruptcies, the bankrupt companies will be positioned below the non-bankrupt companies in reverse chronological order by bankruptcy date.

(ii) If a TSR Peer Group company is acquired by another company, the acquired TSR Peer Group company will be removed from the peer group for any tranches within the Performance Period not yet completed as of the transaction closing date.

(iii) If a TSR Peer Group company sells, spins-off, or disposes of a portion of its business, the selling TSR Peer Group company will remain in the TSR Peer Group for the Performance Period unless such disposition(s) results in the disposition of more than 50% of the company’s total assets during the Performance Period in which case it will be removed.

(iv) If a TSR Peer Group company acquires another company, the acquiring TSR Peer Group company will remain in the TSR Peer Group for the Performance Period.

(v) If a TSR Peer Group company is delisted on all major stock exchanges, such delisted TSR Peer Group company will be removed from the TSR Peer Group for any tranches within the Performance Period not yet completed as of the date of delisting.

(vi) If the Company's and/or any TSR Peer Group company's stock splits, such company's performance will be adjusted for the stock split so as not to give an advantage or disadvantage to such company by comparison to the other companies.

2. TSR Achievement, Percentage Earned, Vesting, Effect of Change in Control.

(a) The Participant's rights to the Target Award will be based on the Participant's continued employment and the extent to which TSR is achieved for each tranche. Awards can be "Earned" (meaning available for potential vesting) up to 200% of the Target Award opportunity based on the Company's TSR performance percentile within the TSR Peer Group as follows (award payouts for performance between the percentiles specified below is determined based on straight-line interpolation):

(i) 0% of the target award if at less than 25th percentile,

(ii) 35% of the target award if at the 25th percentile,

(iii) 100% of the target award if at the 55th percentile,

(iv) 200% of the target award if at the 80th percentile or higher.

However, if the Company's TSR is negative for any tranche within the Performance Period, the Target Award Earned for that tranche cannot be greater than 100%, regardless of the ranking above, unless the Tranche 3 performance achieved is positive.

An upward adjustment to the Target Award Earned for Tranche 1 and/or Tranche 2 will be made if the Target Award Earned for Tranche 3 is higher than that of Tranche 1 and/or Tranche 2. This adjustment will be equal to the Target Award Earned for Tranche 3.

(b) If the Participant remains in the employ of the Employer through January 31, 2023, the percentage of the Target Award Earned for the Performance Period through that date will vest on that date.

(c) If a Change in Control (as defined in the Amended Plan) occurs before December 31, 2022, (x) the Performance Period will be deemed to have been terminated immediately before the Change in Control, and (y) the Performance Stock Units Earned as of the date of the Change in Control will be converted into time vesting Restricted Stock Units that will vest on January 31, 2023 if the Participant remains in the employ of the Company through that date (the "Converted Restricted Stock Units") and, in addition, the following rules will apply:

a. Unless forfeited earlier pursuant to Paragraph 3, if the Converted Restricted Stock Units are not assumed, converted or replaced by the acquirer or other continuing entity, the Converted Restricted Stock Units will become fully vested immediately before the Change in Control (and any remainder of the Target Award will be forfeited).

b. If (A) the Converted Restricted Stock Units are assumed, converted or replaced by the acquirer or other continuing entity and (B) the Participant's employment is terminated

within 24 months following the Change in Control by the Employer without Cause (other than by reason of death or disability) or as otherwise set forth in any change in control agreement, the Converted Restricted Stock Units will become fully vested immediately upon the termination of the Participant's employment (and any remainder of the Target Award will be forfeited).

c. If (A) the Converted Restricted Stock Units are assumed, converted or replaced by the acquirer or other continuing entity and (B) the Participant's employment continues beyond the date that is 24 months after the Change in Control, the Converted Restricted Stock Units will vest, if at all, in accordance with Paragraph 2(b), subject to Paragraph 3.

3. Termination of Employment.

i. Except as set forth in Paragraph 2(c)(ii) or in the remaining provisions of this Paragraph 3 or as otherwise determined by the Committee, the Participant's rights to receive any portion of the Target Award will be cancelled immediately and without notice to the Participant, and no Final Award will be made, if the Participant terminates employment with the Employer before January 31, 2023. A transfer or assignment of employment to a company that is owned at least 50% directly or indirectly by the Company shall not be deemed a termination of employment solely for purposes of Performance Stock Units covered by this Agreement.

ii. Notwithstanding the provisions of Paragraph 3(a), if the Participant is placed on an approved leave of absence, with or without pay, the Participant will continue to be eligible to receive the Final Award as if the Participant was actively employed during any period of the leave.

iii. Notwithstanding the provisions of Paragraph 3(a), if the Participant's employment with the Employer is terminated by reason of disability (for U.S. employees, as defined in the Company's long-term disability plan and for employees outside of the U.S. as determined by the Employer's long-term disability policy or by the Committee or its delegate in its sole discretion), death, "retirement" (as defined below) or involuntary termination by the Employer without "Cause" (as defined below), and either (x) the Participant had remained in the employ of the Employer for at least 180 days following the Grant Date before the termination of the Participant's employment with the Employer, or (y) the Change in Control has occurred before the termination of employment, the Participant will be entitled to a "Pro Rata Part" of the "Full Period Award" (as those terms are defined below) for those units that do not vest upon that termination pursuant to Paragraph 2(c)(ii). For these purposes:

d. the "Full Period Award" means that percentage of the Target Award for the Performance Period that would have been Earned as of December 31, 2022 and vested as of January 31, 2023 if the Participant had remained in the employ of the Company through January 31, 2023; and

e. "Pro Rata Part" means a fraction, the numerator of which is the number of days between the Grant Date and either the ending date for each tranche of the Performance Period or the date of the termination of the Participant's employment (whichever is earlier) and the denominator of which is the number of days from the Grant Date to the end of each Tranche or in the case of Tranche 3, the number of days from the Grant Date to January 31, 2023.

iv. For purposes of this Agreement, "retirement" shall mean the Participant's voluntary termination of employment either (1) after attaining age 55 and completion of 10 years of service, or (2) after completion of at least 30 years of service, regardless of age.

v. For purposes of this Agreement, the term “Cause” shall mean (i) the willful and continued failure by the Participant to substantially perform the Participant’s duties with the Employer (other than any such failure resulting from the Participant’s incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Participant by (A) if the Participant is an executive officer of the Company, the Board of Directors of the Company, or (B) if the Participant is not an executive officer of the Company, the head of the Company’s global human resources department, which demand specifically identifies the manner in which the Employer believes that the Participant has not substantially performed the Participant’s duties, or (ii) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise.

vi. For purposes of the Performance Stock Units, the Participant’s employment is considered terminated as of the earlier of (a) the date the Participant’s employment with the Employer is terminated; (b) subject to Paragraph 3(b), the date on which the Participant ceases to provide active service to the Employer; or (c) the date on which the Participant receives a notice of termination of employment (in all cases, regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or rendering services or the terms of the Participant’s employment or service contract, if any). The Participant’s rights to participate in the Amended Plan will not be extended by any notice period (e.g., service would not include any contractual notice or any period of “garden leave” or period of pay in lieu of such notice required under any employment law in the country where the Participant works or resides (including, but not limited to, statutory law, regulatory law and/or common law)). The Committee or its delegate shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Performance Stock Units.

4. Payment of Final Award.

vii. The Committee will determine the amount of the Final Award with respect to the Performance Period, and the Participant will receive shares of Stock in settlement of the Final Award, (i) on a date to be selected by the Company between January 31 and March 15, 2023 (if the Final Award vests on January 31, 2023) or (ii) in any other case in which the Participant terminates employment and is entitled to accelerated vesting under Paragraph 2(c), within ten days thereafter, except to the extent that Code Section 409A(a)(2)(B)(i) requires that payment be postponed six months and one day after the date of the Participant’s “separation from service” (the “Settlement Date”). Notwithstanding the foregoing, the Company may, in its sole discretion and to the extent permitted under Treasury Regulation § 1.409A-3(j)(4)(ix)(B), terminate this Agreement and pay the Participant’s Final Award on a Settlement Date upon the occurrence of, or within 30 days before, upon or within twelve months after any Change in Control that constitutes a “change in the ownership,” a “change in the effective control” or a “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code.

viii. The number of shares of Stock delivered to the Participant will equal the number of shares included in the Final Award, less applicable withholding and brokerage fees associated with the sale of any shares of Stock to pay applicable withholding. Any shares of Stock will be issued in book-entry form, registered in the Participant’s name or in the name of the Participant’s legal representatives, beneficiaries or heirs, as the case may be. The Company will not deliver any fractional share of Stock and the Committee shall determine, in its discretion, whether cash equal to the Fair Market Value of such fractional share shall be given in lieu of fractional shares or whether some other more administratively feasible mechanism will be utilized. Notwithstanding the foregoing, in certain jurisdictions as stated in the Addendum to this grant agreement, the Committee may direct that in lieu of settlement through

delivery of shares of Stock, the Participant's Final Award will be settled by a single lump sum cash payment equal to the number of shares of Stock that would otherwise be issued in settlement of the Final Award multiplied by the Fair Market Value of a share of Stock, less applicable withholding taxes. All Performance Stock Units that have become vested and are settled will be cancelled.

ix. The Company may retain the services of a third-party administrator to perform administrative services in connection with the Amended Plan. To the extent the Company has retained such an administrator, any reference to the Company will be deemed to refer to any such third-party administrator retained by the Company, and the Company may require the Participant to exercise the Participant's rights under this Agreement only through such third-party administrator.

5. Dividend Equivalents.

On each record date during the Grant Date through the Settlement Date, the Participant shall receive, with respect to each Performance Stock Unit, an additional number of Performance Stock Units equal to the number that such Participant would have received if the Participant had been the holder of record of one share of Stock and had reinvested any cash dividend paid on such share of Stock into Performance Stock Units (at the Fair Market Value of a share of Stock on the later of (i) the date the dividend is paid and (ii) the ex-dividend date) subject to the same terms and conditions as the Performance Stock Units granted herein.

6. Responsibility for Taxes; Withholding.

(a) Regardless of any action the Company or the Employer takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's sole responsibility. Furthermore, the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Stock Units, including the grant of the Performance Stock Units, the vesting of the Performance Stock Units, the subsequent sale of any shares of Stock acquired pursuant to this Agreement and the receipt of any dividend equivalents or dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Performance Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date the Performance Stock Units are granted and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(b) The Company and/or the Employer may satisfy its obligation to withhold Tax-Related Items associated with the Performance Stock Units by withholding a number of Performance Stock Units or shares of Stock having a Fair Market Value, as determined by the Committee, equal to the amount required to be withheld. The Participant shall be deemed to have been issued the full number of shares of Stock subject to the Performance Stock Units, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Performance Stock Units. The Committee shall determine, in its discretion, whether cash shall be given in lieu of any fractional Performance Stock Unit remaining after the withholding requirements are satisfied equal to the Fair Market Value of such fractional share or whether some other more administratively feasible mechanism will be utilized.

iii. Dividend equivalents paid on Performance Stock Units are subject to applicable withholding of Tax-Related Items as described in Paragraph 6(b).

iv. This Performance Stock Unit is intended to be excepted from coverage under, or compliant with, the provisions of Section 409A of the Code, and the regulations and other guidance promulgated thereunder (“409A”). Notwithstanding the foregoing or any other provisions of this Agreement or the Amended Plan to the contrary, if the Performance Stock Unit is subject to the provisions of 409A (and not exempted therefrom), the provisions of this Agreement and the Amended Plan shall be administered, interpreted and construed in a manner necessary to comply with 409A (or disregarded to the extent such provision cannot be so administered, interpreted or construed). If any payment or benefits hereunder may be deemed to constitute nonconforming deferred compensation subject to taxation under the provisions of 409A, the Participant agrees that the Company may, without the consent of the Participant, modify this Agreement to the extent and in the manner the Company deems necessary or advisable in order either to preclude any such payment or benefit from being deemed “deferred compensation” within the meaning of 409A or to provide such payments or benefits in a manner that complies with the provisions of 409A such that they will not be subject to the imposition of taxes and/or interest thereunder. If, at the time of the Participant’s separation from service (within the meaning of 409A), (i) the Participant shall be a specified employee (within the meaning of 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of 409A) the settlement of which is required to be delayed pursuant to the six-month delay rule set forth in 409A in order to avoid taxes or penalties under 409A, then the Company shall not settle such amount on the otherwise scheduled settlement date, but shall instead settle it, without interest, on the first business day of the month after such six-month period. Notwithstanding the foregoing, the Company makes no representation and/or warranties with respect to compliance with 409A, and the Participant recognizes and acknowledges that 409A could potentially impose upon the Participant certain taxes and/or interest charges for which the Participant is and shall remain solely responsible.

(c) Conditions on Award.

i. Notwithstanding anything herein to the contrary, the Committee may cancel an award of Performance Stock Units, and may refuse to settle the Final Award, if before a Change in Control and during the period from the date of the Participant's termination of employment from the Employer to the date of settlement of the Final Award, the Committee determines that the Participant has either (i) refused to be available, upon request, at reasonable times and upon a reasonable basis, to consult with, supply information to and otherwise cooperate with the Company or its Subsidiaries with respect to any matter that was handled by the Participant or under the Participant's supervision while the Participant was in the employ of the Employer or (ii) engaged in any activity in violation of any non-competition and/or non-solicitation covenants.

ii. Notwithstanding anything herein to the contrary, any Performance Stock Unit granted hereunder will be subject to mandatory repayment by the Participant to the Company to the extent the Participant is, or in the future becomes, subject to (i) any Company claw-back or recoupment policy that is adopted to comply with the requirements of any applicable laws, rules or regulations, or otherwise, or (ii) any applicable laws which impose mandatory recoupment, under circumstances set forth in such applicable laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law, regulation or stock exchange listing requirement, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to the Performance Stock Unit and recovery of amounts relating thereto. By accepting this

Performance Stock Unit, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup this Performance Stock Unit or amounts paid under this Performance Stock Unit subject to claw-back pursuant to such law, government regulation, stock exchange listing requirement or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup this Performance Stock Unit or amounts paid hereunder from the Participant's accounts, or pending or future compensation awards that may be made to the Participant.

(d) Non-transferability.

The Participant has no right to sell, assign, transfer, pledge, or otherwise alienate the Performance Stock Units, and any attempted sale, assignment, transfer, pledge or other conveyance will be null and void.

(e) Securities Law Restrictions.

i. If the Participant is resident outside of the United States, the grant of Performance Stock Units is not intended to be a public offering of securities in the Participant's country. The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and this grant of Performance Stock Units is not subject to the supervision of the local securities authorities.

ii. Notwithstanding anything herein to the contrary, the Committee, in its sole and absolute discretion, may delay transferring shares of Stock to the Participant or the Participant's beneficiary in settlement of the Final Award or may impose restrictions or conditions on the Participant's (or any beneficiary's) ability to directly or indirectly sell, hypothecate, pledge, loan, or otherwise encumber, transfer or dispose of the shares of Stock, if the Committee determines that such action is necessary or desirable for compliance with any applicable state, federal or non-U.S. law, the requirements of any stock exchange on which the Stock is then traded, or is requested by the Company or the underwriters managing any underwritten offering of the Company's securities pursuant to an effective registration statement filed under the Securities Act of 1933.

(f) Limited Interest.

i. The grant of the Performance Stock Units will not be construed as giving the Participant any interest other than as provided in this Agreement. The Participant's Performance Stock Units constitutes an unsecured promise by the Company to pay the Participant one share of Stock on the settlement of vested and earned Performance Stock Units. As the holder of Performance Stock Units, the Participant has only the rights of a general unsecured creditor of the Company. The Company will credit the Performance Stock Units to a book-keeping account in the name of the Participant, but no assets of the Company will be held or set aside as security for the obligations of the Company hereunder. The Participant will have no voting rights or any other rights as a shareholder as a result of the grant or vesting of the Performance Stock Units unless and until shares of Stock are issued in settlement of the Final Award.

ii. The grant of the Performance Stock Units will not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger, consolidation or business combination of the Company, or any issuance or modification of any term, condition, or covenant of any bond,

debenture, debt, preferred stock or other instrument ahead of or affecting the stock or the rights of the holders thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other Company act or proceeding, whether of a similar character or otherwise.

11. Nature of Grant.

In accepting the Performance Stock Units, the Participant acknowledges and agrees that:

- (a) the Amended Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;
- (b) the grant of Performance Stock Units is a one-time benefit and does not create any contractual or other right to receive future grants of Performance Stock Units, benefits in lieu of Performance Stock Units, or other benefits in the future, even if Performance Stock Units have been granted repeatedly in the past;
- (c) all decisions with respect to future grants of Performance Stock Units, if any, and their terms and conditions, will be made by the Company, in its sole discretion;
- (d) nothing contained in this Agreement is intended to create or enlarge any other contractual obligation between the Company or any of its Subsidiaries and the Participant;
- (e) the Participant is voluntarily participating in the Amended Plan;
- (f) the grant of the Performance Stock Units will not confer on the Participant any right to continue as an employee or continue in service of the Employer, nor interfere in any way with the right of the Employer to terminate the Participant's employment at any time;
- (g) the grant of Performance Stock Units will not be interpreted to form an employment or service contract or relationship with the Company or any of its Subsidiaries;
- (h) the Performance Stock Units are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and are outside the scope of the Participant's employment contract, if any;
- (i) the Performance Stock Units are not intended to replace any pension rights or compensation;
- (j) the Performance Stock Units are not part of the Participant's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance resignation, termination, redundancy, dismissal, end-of-services payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits, or similar payments and in no event should they be considered as compensation for, or relating in any way to past services for the Company or any of its Subsidiaries or Affiliates;
- (k) the future value of the shares of Stock underlying the Performance Stock Units is unknown and cannot be predicted with certainty;

(l) in consideration of the Performance Stock Unit, no claim or entitlement to compensation or damages shall arise from the Performance Stock Unit resulting from termination of the Participant's employment (for any reason whatsoever) and the Participant irrevocably releases the Company and any of its Subsidiaries or Affiliates from any such claim that may arise; if such claim is found by a court of competent jurisdiction to have arisen, then by signing or electronically accepting this Agreement, the Participant shall be deemed to have waived the Participant's entitlement to pursue such claim;

(m) unless otherwise provided in the Amended Plan or by the Company in its discretion, the Performance Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Performance Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Stock;

(n) unless otherwise agreed with the Company, the Performance Stock Units and the shares of Stock subject to the Performance Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary; and

(o) neither the Company nor any of its Subsidiaries or Affiliates shall be liable for any change in the value of the Performance Stock Units, the amount realized upon settlement of the Final Award or the amount realized upon a subsequent sale of any shares of Stock acquired upon settlement of the Final Award, resulting from any fluctuation of the United States Dollar/local currency foreign exchange rate.

12. Data Privacy.

The Company and the Employer hold and control certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, tax jurisdiction, job title, any shares of Stock or directorships held in the Company, details of all options, Restricted Stock Units, Performance Stock Units or any other entitlement to shares of Stock or units awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Amended Plan ("Data").

The Company and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Amended Plan, and the Company and its Subsidiaries may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Amended Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Company will protect the Data by insuring that any such recipients are certified under the E.U.-U.S. Privacy Shield Framework or have entered into an agreement to hold or process such Data in compliance with Privacy Shield Principles, the E.U. Model Clauses or similar legislation of the country where the Participant resides, and will receive, possess, use, retain and transfer the Data, in electronic or other form, solely for the purposes of implementing, administering and managing the Participant's participation in the Amended Plan, including any requisite transfer of such Data as may be required for the administration of the Amended Plan and/or the subsequent holding of shares of Stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of Stock acquired pursuant to the Amended Plan. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.

Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke the Participant's consent, the Participant's employment status with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant Performance Stock Units or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Amended Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact the Participant's local human resources representative.

The Participant may, at any time, exercise the Participant's rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of Data, (b) verify the content, origin and accuracy of Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of Data, (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the Amended Plan and the Participant's participation in the Amended Plan, and (e) withdraw the Participant's consent to the collection, processing or transfer of Data as provided hereunder (in which case the Performance Stock Units will be null and void). The Participant may seek to exercise these rights by contacting the Participant's local human resources representative.

Finally, upon request of the Company or the Employer, the Participant agrees to provide an executed data privacy consent form to the Company and/or the Employer (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or the Employer may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Amended Plan in compliance with the data privacy laws in the Participant's country, either now or in the future. The Participant understands and agrees that he or she will not be able to participate in the Amended Plan if the Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

13. Insider Trading/Market Abuse Laws.

By participating in the Amended Plan, the Participant agrees to comply with the Company's policy on insider trading (to the extent that it is applicable to the Participant). The Participant further acknowledges that, depending on the Participant's or the broker's country of residence or where the shares of Stock are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws that may affect the Participant's ability to accept, acquire, sell or otherwise dispose of shares of Stock, rights to shares of Stock (e.g., Performance Stock Units) or rights linked to the value of shares of Stock, during such times the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant places before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant understands that third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to comply with any applicable restrictions, and that the Participant should therefore consult his or her personal advisor on this matter.

14. Foreign Asset/Account Reporting and Exchange Control Requirements.

The Participant acknowledges that the Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold shares of Stock acquired under the Amended Plan or cash received from participating in the Amended Plan (including from any dividends paid on shares of Stock or sales proceeds from the sale of shares of Stock) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Amended Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

15. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on the Participant's participation in the Amended Plan, on the Performance Stock Units and on any shares of Stock acquired under the Amended Plan, to the extent the Company or any of its Subsidiaries determine it necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Performance Stock Units and the Amended Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. The Participant agrees to take any and all actions, and consents to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Participant's country. In addition, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal obligations under local laws, rules and regulations in the Participant's country.

16. Addendum.

This grant of Performance Stock Units shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for the Participant's country of residence or employment, if different. Moreover, if the Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's relocation). The Addendum constitutes part of this Agreement.

17. Electronic Delivery of Award Agreement.

The Company, in its sole discretion, may decide to deliver any documents related to current or future participation in the Amended Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Amended Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

18. Language.

If the Participant has received this Agreement or any other document related to the Amended Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

19. No Advice Regarding Grant.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Amended Plan, or the Participant's acquisition or sale of the underlying shares of Stock. The Participant should consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Amended Plan before taking any action related to the Amended Plan.

20. Confidentiality.

(a) The Participant acknowledges and agrees that the Participant's position and employment by the Company has required, and will continue to require, that the Participant have access to, and knowledge of, valuable and sensitive information relating to the Company and its business including, but not limited to, information relating to its products and product development; pricing; engineering and design specifications; trade secrets; customers; suppliers; employees; unique and/or proprietary software and source code; and marketing plans (collectively, "Confidential Information").

(b) The Participant acknowledges and agrees that the Participant will keep in strict confidence, and will not, directly or indirectly, at any time during or after the Participant's employment with the Company, disclose, furnish, disseminate, make available or use Confidential Information of the Company or its customers or suppliers, without limitation as to when or how the Participant may have acquired such information, other than in the proper performance of the Participant's duties to the Company, unless and until such Confidential Information is or shall become general public knowledge through no fault of the Participant.

(c) Nothing contained in this Agreement shall limit the Participant's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other U.S. federal, state or local and/or non U.S. governmental agency or commission ("Government Agencies"). Furthermore, this Agreement does not limit the Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other Company confidential information, without notice to the Company. This Agreement also does not limit the Employee's right to receive an award for information provided to any Government Agencies. Pursuant to the Defend Trade Secrets Act of 2016, an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

21. Non-Competition and Non-Solicitation.

(a) For purposes of this Agreement, "Competition" by the Participant means engaging in, or otherwise directly or indirectly being employed by or acting as a consultant to, or being a director, officer, employee, principal, agent, shareholder, member, owner or partner of, anywhere in the world that

competes, directly or indirectly, with the Company in the Business; provided, however, it shall not be a violation of this Agreement for the Participant to become the registered or beneficial owner of up to five percent (5%) of any class of share of any entity in Competition with the Company that is publicly traded on a recognized domestic or foreign securities exchange, provided that the Participant does not otherwise participate in the Business of such corporation.

(b) For purposes of this Agreement, "Business" means the creation, development, manufacture, sale, promotion and distribution of vehicle electronics, transportation components, integrated systems and modules, electronic technology and other products and services that the Company engages in, or is preparing to become engaged in.

(c) The Participant agrees that, during the Participant's employment and for 18 months after the termination of the Participant's employment by the Participant or by the Company for any reason, the Participant will not directly or indirectly engage in Competition with the Company.

(d) The Participant agrees that, during the Participant's employment and for 18 months after the termination of the Participant's employment by the Participant or by the Company for any reason, the Participant will not directly or indirectly: (i) solicit for the Participant's benefit or the benefit of any other person or entity, business of the same or of a similar nature to the Business from any customer that is doing business with the Company or that did business with the Company in the six months before the termination of the Participant's employment; (ii) solicit for the Participant's benefit or the benefit of any other person or entity from any known potential customer of the Company, business of the same or of a similar nature to the Business; (iii) otherwise interfere with the Business of the Company, including, but not limited to, with respect to any relationship or agreement between the Company and any supplier to the Company during the period of the Participant's employment; or (iv) solicit for the Participant's benefit or the benefit of any other person or entity, the employment or services of, or hire or engage, any individual who was employed or engaged by the Company during the period of the Participant's employment.

(e) The Participant acknowledges that the Company would suffer irreparable harm if the Participant fails to comply with Paragraph 20 or 21 of this Agreement, and that the Company would be entitled to any appropriate relief, including money damages, equitable relief and attorneys' fees. The Participant further acknowledges that enforcement of the covenants in Paragraph 21 is necessary to ensure the protection and continuity of the business and goodwill of the Company and that, due to the proprietary nature of the Business of the Company, the restrictions set forth in Paragraph 21 are reasonable as to geography, duration and scope.

22. Jurisdiction and Venue.

The parties agree that enforcement of this Agreement, including any legal actions for breach of this Agreement, may only be brought in a state or federal court located in Oakland County or Wayne County, Michigan. The parties expressly agree that Michigan state and federal courts may properly exercise personal jurisdiction over them in any such litigation, and hereby waive any objections to personal jurisdiction and venue in: (a) any Michigan state court located in Wayne County or Oakland County, Michigan; or (b) the United States District Court for the Eastern District of Michigan.

23. Incorporation by Reference.

The terms of the Amended Plan are expressly incorporated herein by reference. In the event of any conflict between this Agreement and the Amended Plan, the Amended Plan will govern.

24. Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles thereof.

25. Severability.

If any provision of the Agreement is held unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision has not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

26. Waiver.

The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

27. Binding Effect; No Third Party Beneficiaries.

This Agreement shall be binding upon and inure to the benefit of the Company and the Participant, and to each of our respective heirs, representatives, successors and permitted assigns. Neither the terms of this Agreement nor the Amended Plan shall confer any rights or remedies upon any person other than the Company and the Participant and to each of our respective heirs, representatives, successor and permitted assigns.

28. Amendment.

This Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of Visteon Corporation and the Participant.

29. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

Addendum to
the PERFORMANCE STOCK UNIT GRANT Agreement
COUNTRY-SPECIFIC TERMS AND CONDITIONS

Capitalized terms used but not defined in this Addendum have the meanings set forth in the Amended Plan and/or in the Agreement.

Terms and Conditions

This document (the “Addendum”) includes additional terms and conditions that govern the Performance Stock Units granted under the Amended Plan if the Participant works and/or resides in one of the countries or jurisdictions listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant (or, in the event of the Participant’s relocation, the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate such relocation).

Notifications

This document also includes information regarding certain issues of which the Participant should be aware with respect to the Participant’s participation in the Amended Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2019. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant’s participation in the Amended Plan because the information may be out of date by the time the Participant vests in Performance Stock Units or sells shares or Stock acquired under the Amended Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his or her situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to the Participant.

European Union (“EU”) / European Economic Area (“EEA”)

Data Privacy. If the Participant resides and/or performs services in the EU/EEA, Paragraph 12 of the Agreement shall be replaced with the following:

The Company, with its registered address at One Village Center Drive, Van Buren Township, Michigan 48111, U.S.A., is the controller responsible for the processing of the Participant’s personal data by the Company and the third parties noted below.

*(a) **Data Collection and Usage.** Pursuant to applicable data protection laws, the Participant is hereby notified that the Company collects, processes and uses certain personally-identifiable information about the Participant for the legitimate interest of implementing, administering and managing the Amended Plan and generally administering equity awards; specifically, including the Participant’s name, home address, email address and telephone number; date of birth, social insurance number or other identification number; salary, citizenship, job title, any shares of Stock or directorships held in the Company, and details of all Performance Stock Units, options or any other entitlement to shares of Stock awarded, canceled, exercised, vested, or outstanding in the Participant’s favor, which the Company receives from the Participant or the Employer (“**Personal Data**”). In granting the Performance Stock Units under the Amended Plan, the Company will collect Personal Data for purposes of allocating shares of Stock and implementing, administering and managing the Amended Plan. The Company’s legal basis for the collection, processing and use of Personal Data is the necessity of the processing for the Company to perform its contractual obligations under this Agreement and the Amended Plan and the Company’s legitimate business interests of managing the Amended Plan, administering employee equity awards and complying with its contractual and statutory obligations.*

*(b) **Stock Plan Administration Service Provider.** The Company transfers Personal Data to Fidelity Stock Plan Services, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Amended Plan. In the future, the Company may select a different service provider and share Personal Data with another company that serves in a similar manner. The Company’s service provider will open an account for the Participant to receive and trade shares of Stock. The Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to the Participant’s ability to participate in the Amended Plan. The processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Amended Plan.*

*(c) **International Data Transfers.** The Company and its service providers are based in the United States. The Participant’s country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued only a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. Alternatively, an appropriate level of protection can be achieved by implementing safeguards such as the Standard Contractual Clauses adopted by the EU Commission. Personal Data will be transferred from the EU/EEA to the Company and onward from the Company to any of its service providers based on the EU Standard Contractual Clauses or, if applicable, registration*

with the EU-U.S. Privacy Shield program. The Participant may request a copy of such appropriate safeguards by contacting his or her local human resources department.

(d) Data Retention. The Company will use Personal Data only as long as is necessary to implement, administer and manage the Participant's participation in the Amended Plan or as required to comply with legal or regulatory obligations, including tax and securities laws. When the Company no longer needs Personal Data, the Company will remove it from its systems. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be for compliance with relevant laws or regulations.

(e) Data Subject Rights. The Participant may have a number of rights under data privacy laws in the Participant's country. For example, the Participant's rights may include the right to (i) request access or copies of Personal Data the Company processes, (ii) request rectification of incorrect Personal Data, (iii) request deletion of Personal Data, (iv) place restrictions on processing of Personal Data, (v) lodge complaints with competent authorities in the Participant's country, and/or (vi) request a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding the Participant's rights or to exercise the Participant's rights, the Participant may contact his or her local human resources department.

Brazil

Form of Settlement. Unless otherwise determined by the Committee, the Final Award shall be settled in the form of a cash payment.

Labor Law Acknowledgment. The Participant agrees that (i) the benefits provided under the Agreement and the Amended Plan are the result of commercial transactions unrelated to the Participant's employment; (ii) the Agreement and the Amended Plan are not part of the terms and conditions of your employment; and (iii) the income from the vesting of the Performance Stock Units, if any, is not part of the Participant's remuneration from employment.

Compliance with Law. By participating in the Amended Plan, the Participant agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the Performance Stock Units and any cash payment made under the Amended Plan.

Bulgaria

No country-specific provisions.

Canada

Form of Settlement. Notwithstanding anything to the contrary in the Agreement or the Amended Plan, the Performance Stock Units shall be settled only in shares of Stock (and may not be settled in cash).

English Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir expressément souhaité que la convention, ainsi que tous les documents, avis et procédures judiciaires,*

exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Data Privacy: The following provision supplements Paragraph 12 of the Agreement:

The Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Amended Plan. The Participant further authorizes the Company, the Employer and its other Subsidiaries or Affiliates to disclose and discuss the Amended Plan with their advisors. The Participant further authorizes the Company, the Employer and any other Subsidiary or Affiliate to record such information and to keep such information in the Participant's employee file.

China

Form of Settlement. Unless otherwise determined by the Committee, the Final Award shall be settled in the form of a cash payment.

France

Type of Grant. The Performance Stock Units are not granted as "French-qualified" awards and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197 and seq. of the French Commercial Code, as amended.

English Language. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

Germany

No country-specific provisions.

India

No country-specific provisions.

Japan

No country-specific provisions.

Mexico

Commercial Relationship. The Participant expressly recognizes that the Participant's participation in the Amended Plan and the Company's grant of the Performance Stock Units does not constitute an employment relationship between the Participant and the Company. The Participant has been granted the Performance Stock Units as a consequence of the commercial relationship between the Company and the Company's Subsidiary in Mexico that employs the Participant ("Visteon-Mexico") and Visteon-Mexico is the Participant's sole employer. Based on the foregoing, (a) the Participant expressly recognizes the

Amended Plan and the benefits the Participant may derive from the Participant's participation in the Amended Plan does not establish any rights between the Participant and Visteon-Mexico, (b) the Amended Plan and the benefits the Participant may derive from the Participant's participation in the Amended Plan are not part of the employment conditions and/or benefits provided by Visteon-Mexico, and (c) any modifications or amendments of the Amended Plan by the Company, or a termination of the Amended Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with Visteon-Mexico.

Extraordinary Item of Compensation. The Participant expressly recognizes and acknowledges that the Participant's participation in the Amended Plan is a result of the discretionary and unilateral decision of the Company, as well as the Participant's free and voluntary decision to participate in the Amended Plan in accordance with the terms and conditions of the Amended Plan, the Agreement and this Addendum. As such, the Participant acknowledges and agrees that the Company may, in its sole discretion, amend and/or discontinue the Participant's participation in the Amended Plan at any time and without any liability. The value of the Performance Stock Units is an extraordinary item of compensation outside the scope of the Participant's employment contract, if any. The Performance Stock Units are not part of the Participant's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of Visteon-Mexico.

Portugal

English Language. The Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepts and agrees with the terms and conditions established in the Amended Plan and the Agreement. ***O Participante, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e do Contrato.***

Romania

No country-specific provisions.

Russia

Transaction Outside of Russia. The Participant understands that accepting the Performance Stock Units and the terms and conditions of the Agreement will result in a contract between the Participant and the Company completed in the United States and that the Agreement is governed by U.S. law. The Participant understands and acknowledges that any shares of Stock issued under the Amended Plan shall be delivered to the Participant through a brokerage account maintained outside Russia. The Participant understands that the Participant may hold shares of Stock in a brokerage account outside Russia; however, in no event will shares of Stock issued to the Participant and/or share certificates or other instruments be delivered to the Participant in Russia. The Participant acknowledges and agrees that the Participant is not permitted to sell or otherwise transfer the shares of Stock directly to other Russian legal entities or individuals. Finally, the Participant acknowledges and agrees that the Participant may sell or otherwise transfer the shares of Stock only outside Russia.

Securities Law Information. The Agreement, including these specific provisions for Russia, the Amended Plan and other incidental communication materials distributed in connection with the Amended Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under Russian law, the issuance of shares of Stock pursuant to the Amended Plan has not and will not be registered in Russia; hence, the shares of Stock described in any plan-related documents may not be used for offering or public circulation in Russia.

Slovakia

No country-specific provisions.

South Korea

No country-specific provisions.

Spain

Acknowledgement of Discretionary Nature of the Amended Plan; No Vested Rights.

In accepting the grant of Performance Stock Units, the Participant acknowledges that he or she consents to participation in the Amended Plan and has received a copy of the Amended Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted Performance Stock Units under the Amended Plan to individuals who may be employees of the Company or its Subsidiaries or Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries or Affiliates on an ongoing basis. Consequently, the Participant understands that the Performance Stock Units are granted on the assumption and condition that the Performance Stock Units and the shares of Stock acquired upon vesting of the Performance Stock Units shall not become a part of any employment contract (either with the Company or any of its Subsidiaries or Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the grant of the Performance Stock Units shall be null and void.

The Participant understands and agrees that, as a condition of the grant of the Performance Stock Units, the Participant's termination of employment for any reason (including the reasons listed below) will automatically result in the loss of the Performance Stock Units to the extent the Performance Stock Units have not vested as of date that the Participant ceases active employment. In particular, unless otherwise provided in the Agreement, the Participant understands and agrees that any unvested Performance Stock Units as of the date the Participant ceases active employment will be forfeited without entitlement to the underlying shares of Stock or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination of employment on the Participant's Performance Stock Units.

Taiwan

Securities Law Information. The Performance Stock Units and any shares of Stock to be issued pursuant to the Amended Plan are available only for employees. The grant of Performance Stock Units is not a public offer of securities by a Taiwanese company.

Thailand

No country-specific provisions.

Tunisia

Form of Settlement. Unless otherwise determined by the Committee, the Final Award shall be settled in the form of a cash payment.

United Kingdom

Terms and Conditions

Withholding of Taxes. Without limitation to Paragraph 6 of the Agreement, the Participant hereby agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold on the Participant's behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days after the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs may constitute an additional benefit to the Participant on which additional income tax and national insurance contribution may be payable. The Participant understands that the Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company and/or the Employer for the value of any employee national insurance contribution due on this additional benefit, which may be recovered from the Participant's by the Company or the Employer by any of the means referred to in Paragraph 6 of the Agreement.

Exclusion of Claim. The Participant hereby acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to Performance Stock Units, whether or not as a result of termination of employment (whether such termination is in breach of contract or otherwise), or from the loss of diminution in value of the Performance Stock Units. Upon the grant of the Performance Stock Units, the Participant shall be deemed to have waived irrevocably such entitlement.

VISTEON CORPORATION 2010 INCENTIVE PLAN, AS AMENDED
RESTRICTED STOCK UNIT GRANT AGREEMENT

Visteon Corporation, a Delaware corporation (the “Company”), subject to the terms of the Visteon Corporation 2010 Incentive Plan, as amended (the “Amended Plan”) and this restricted stock unit agreement (this “Agreement”), hereby grants to Participant Name, Global ID Employee ID, (the “Participant”), restricted stock units (“Restricted Stock Units”) as further described herein. For purposes of this Agreement, “Employer” means the entity (the Company or a Subsidiary) that employs the Participant. All capitalized words not defined in this Agreement have the meanings assigned to them in the Amended Plan.

1. Grant of Restricted Stock Units.

The Company hereby grants to the Participant Number of Awards Granted Restricted Stock Units with a grant value of Grant Custom 1 per unit, effective as of Grant Date (the “Grant Date”) under the Amended Plan, and subject to the restrictions set forth in this Agreement. In the event of certain corporate transactions, the number of Restricted Stock Units covered by this Agreement may be adjusted by the Committee as further described in Section 13 of the Amended Plan. Electronic acceptance of this Agreement through the third party designee must be made within 90 days of the Grant Date (by Accept By Date); otherwise the award in its entirety will be forfeited.

2. Vesting of Restricted Stock Units.

(a) Unless terminated earlier pursuant to Paragraph 3, during the Participant’s continuous employment with the Employer, the Restricted Stock Units will vest in accordance with the following vesting schedule:

- (i) Vesting Date 1 Quantity will vest on Vesting Date 1; and
- (ii) Vesting Date 2 Quantity will vest on Vesting Date 2.

(b) If a Change in Control (as defined in the Amended Plan) occurs before all of the Restricted Stock Units granted under this Agreement have vested, the following rules will apply, in addition to the vesting provided for in Paragraph 2(a):

- (i) Unless forfeited earlier pursuant to Paragraph 3, if the Restricted Stock Units are not assumed, converted or replaced by the acquirer or other continuing entity, the outstanding Restricted Stock Units that have not previously vested will become fully vested immediately before the Change in Control.
- (ii) If (A) the Restricted Stock Units are assumed, converted or replaced by the acquirer or other continuing entity and (B) the Participant’s employment is terminated within 24 months following the Change in Control by the Employer without Cause (other than by reason of death or disability) or as otherwise set forth in any change in control agreement, the outstanding Restricted Stock Units that have not previously vested will become fully vested immediately upon the termination of the Participant’s employment.

3. Termination of Employment.

(a) Except as set forth in Paragraph 2(b)(ii) or in the remaining provisions of this

Paragraph 3, if the Participant's employment with the Employer is terminated for any reason, the Participant will forfeit any and all rights to Restricted Stock Units that have not vested on the termination date, and such Restricted Stock Units will be cancelled. A transfer or assignment of employment to a company that is owned at least 50% directly or indirectly by the Company shall not be deemed a termination of employment solely for purposes of Restricted Stock Units covered by this Agreement.

(b) Notwithstanding the provisions of Paragraph 3(a), if the Participant is placed on an approved leave of absence, with or without pay, the Restricted Stock Units will vest in accordance with the provisions of Paragraph 2 as if the Participant was actively employed.

(c) Notwithstanding the provisions of Paragraph 3(a), if the Participant's employment with the Employer is terminated by reason of disability (for U.S. employees, as defined in the Company's long-term disability plan and for employees outside of the U.S. as determined by the Employer's long-term disability policy or by the Committee or its delegate, in its sole discretion), death, "retirement" (as defined below) or involuntary termination by the Employer without "Cause" (as defined below), and either (x) the Participant had remained in the employ of the Employer for at least 180 days following the Grant Date, or (y) a Change in Control has occurred before the termination of employment, the Restricted Stock Units that have not previously vested and that do not fully vest upon that termination pursuant to Paragraph 2(b)(ii) will vest on a pro rata basis so that, taking into account the Restricted Stock Units, if any, that have previously vested pursuant to Paragraph 2(a)(i) or pursuant to Paragraphs 2(a)(i) and 2(a)(ii), the percentage of all Restricted Stock Units granted under this Agreement that is vested is equal to 100% multiplied by a fraction, the numerator of which is the number of days from the date of grant to the date of the termination of the Participant's employment, inclusive, and the denominator of which is the number of days from the Grant Date to Vesting Date 2.

(d) For purposes of this Agreement, "retirement" shall mean the Participant's voluntary termination of employment either (1) after attaining age 55 and completion of 10 years of service, or (2) after completion of at least 30 years of service, regardless of age.

(e) For purposes of this Agreement, the term "Cause" shall mean (i) the willful and continued failure by the Participant to substantially perform the Participant's duties with the Employer (other than any such failure resulting from the Participant's incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Participant by (A) if the Participant is an executive officer of the Company, the Board of Directors of the Company, or (B) if the Participant is not an executive officer of the Company, the head of the Company's global human resources department, which demand specifically identifies the manner in which the Employer believes that the Participant has not substantially performed the Participant's duties, or (ii) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company or a Subsidiary, monetarily or otherwise.

(b) For purposes of the Restricted Stock Units, the Participant's employment is considered terminated as of the earlier of (a) the date the Participant's employment with the Employer is terminated; (b) subject to Paragraph 3(b), the date on which the Participant ceases to provide active service to the Employer; or (c) the date on which the Participant receives a notice of termination of employment (in all cases, regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or rendering services or the terms of the Participant's employment or service contract, if any). The Participant's rights to participate in the Amended Plan will not be extended by any notice period (e.g., service would not include any contractual notice or any period of "garden leave" or period of pay in lieu of such notice required under any employment law in the country where the Participant works or resides (including, but not limited to, statutory law, regulatory law and/or common law)). The Committee or its delegate shall have

the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Restricted Stock Units.

4. Restricted Stock Unit Account and Settlement of Vested Units.

(a) The Participant's vested Restricted Stock Units will be settled upon the earliest to occur of (i) the vesting date applicable to such Restricted Stock Unit as set forth in Paragraph 2(a) above (disregarding any acceleration of the vesting date under Paragraph 2(b) or Paragraph 3 above), (ii) in the case of accelerated vesting under Paragraph 3(c) due to the death of the Participant, as soon as practicable (and in any event within 60 days) following the Participant's date of death, or (iii) in any other case in which the Participant terminates employment and is entitled to accelerated vesting, within ten days thereafter, except to the extent that Code Section 409A(a)(2)(B)(i) requires that payment be postponed for six months and one day, or the Participant's earlier death occurring, after the date of the Participant's "separation from service" (such applicable date, the "Settlement Date"). Notwithstanding the foregoing, the Company may, in its sole discretion and to the extent permitted under Treasury Regulation § 1.409A3(j)(4)(ix)(B), terminate this Agreement and pay all outstanding Restricted Stock Units to the Participant, on a fully vested and immediately payable basis, on a Settlement Date within 30 days before, upon or within twelve months after Change in Control that constitutes a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code.

(b) Settlement will be made through the delivery of one share of Stock for each vested Restricted Stock Unit, less applicable withholding and brokerage fees associated with the sale of any shares of Stock to pay applicable withholding. Any shares of Stock will be issued in book-entry form, registered in the Participant's name or in the name of the Participant's legal representatives, beneficiaries or heirs, as the case may be. The Company will not deliver any fractional share of Stock and the Committee shall determine, in its discretion, whether cash equal to the Fair Market Value of such fractional share shall be given in lieu of fractional shares or whether some other more administratively feasible mechanism will be utilized. Notwithstanding the foregoing, in certain jurisdictions as stated in the Addendum to this grant agreement, the Committee may direct that in lieu of settlement through delivery of shares of Stock, the Participant's vested Restricted Stock Units will be settled by a single lump sum cash payment equal to the number of vested Restricted Stock Units to be settled multiplied by the Fair Market Value on the Settlement Date of a share of Stock, less applicable withholding taxes. All Restricted Stock Units that have become vested and are settled will be cancelled.

(c) The Company may retain the services of a third-party administrator to perform administrative services in connection with the Amended Plan. To the extent the Company has retained such an administrator, any reference to the Company will be deemed to refer to any such third-party administrator retained by the Company, and the Company may require the Participant to exercise the Participant's rights under this Agreement only through such third-party administrator.

5. Dividend Equivalents.

On each record date during the Grant Date through the Settlement Date, the Participant shall receive, with respect to each Restricted Stock Unit, an additional number of Restricted Stock Units equal to the number that such Participant would have received if the Participant had been the holder of record of one share of Stock and had reinvested any cash dividend paid on such share of Stock into Restricted Stock Units (at the Fair Market Value of a share of Stock on the later of (i) the date the dividend is paid and (ii) the ex-dividend date) subject to the same terms and conditions as the Restricted Stock Units granted herein.

6. Responsibility for Taxes; Withholding.

(a) Regardless of any action the Company or the Employer takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant’s sole responsibility. Furthermore, the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units, the subsequent sale of any shares of Stock acquired pursuant to this Agreement and the receipt of any dividend equivalents or dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant’s liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date the Restricted Stock Units are granted and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(b) The Company and/or the Employer may satisfy its obligation to withhold Tax-Related Items associated with the Restricted Stock Units by withholding a number of Restricted Stock Units or shares of Stock having a Fair Market Value, as determined by the Committee, equal to the amount required to be withheld. The Participant shall be deemed to have been issued the full number of shares of Stock subject to the Restricted Stock Units, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Restricted Stock Units. The Committee shall determine, in its discretion, whether cash shall be given in lieu of any fractional Restricted Stock Unit remaining after the withholding requirements are satisfied equal to the Fair Market Value of such fractional share or whether some other more administratively feasible mechanism will be utilized.

(c) Dividend equivalents paid on Restricted Stock Units are subject to applicable withholding of Tax-Related Items as described in Paragraph 6(b).

(d) Code Section 409A. This Restricted Stock Unit is intended to be excepted from coverage under, or compliant with, the provisions of Section 409A of the Code, and the regulations and other guidance promulgated thereunder (“409A”). Notwithstanding the foregoing or any other provisions of this Agreement or the Amended Plan to the contrary, if the Restricted Stock Unit is subject to the provisions of 409A (and not exempted therefrom), the provisions of this Agreement and the Amended Plan shall be administered, interpreted and construed in a manner necessary to comply with 409A (or disregarded to the extent such provision cannot be so administered, interpreted or construed). If any payment or benefits hereunder may be deemed to constitute nonconforming deferred compensation subject to taxation under the provisions of 409A, the Participant agrees that the Company may, without the consent of the Participant, modify this Agreement to the extent and in the manner the Company deems necessary or advisable in order either to preclude any such payment or benefit from being deemed “deferred compensation” within the meaning of 409A or to provide such payments or benefits in a manner that complies with the provisions of 409A such that they will not be subject to the imposition of taxes and/or interest thereunder. If, at the time of the Participant’s separation from service (within the meaning of 409A), (i) the Participant shall be a specified employee (within the meaning of 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of 409A) the settlement of which is required to be delayed pursuant to the six-month delay rule set forth in 409A in order to avoid taxes or penalties under 409A, then the Company shall not settle such amount on the otherwise scheduled settlement date, but shall instead

settle it, without interest, on the first business day of the month after such six-month period. Notwithstanding the foregoing, the Company makes no representation and/or warranties with respect to compliance with 409A, and the Participant recognizes and acknowledges that 409A could potentially impose upon the Participant certain taxes and/or interest charges for which the Participant is and shall remain solely responsible.

7. Conditions on Award.

(a) Notwithstanding anything herein to the contrary, the Committee may cancel an award of Restricted Stock Units, and may refuse to settle vested Restricted Stock Units, if before a Change in Control and during the period from the date of the Participant's termination of employment from the Employer to the date of settlement, the Committee determines that the Participant has either (i) refused to be available, upon request, at reasonable times and upon a reasonable basis, to consult with, supply information to and otherwise cooperate with the Company or its Subsidiaries with respect to any matter that was handled by the Participant or under the Participant's supervision while the Participant was in the employ of the Employer or (ii) engaged in any activity in violation of any non-competition and/or non-solicitation covenants.

(b) Notwithstanding anything herein to the contrary, any Restricted Stock Unit granted hereunder will be subject to mandatory repayment by the Participant to the Company to the extent the Participant is, or in the future becomes, subject to (i) any Company claw-back or recoupment policy that is adopted to comply with the requirements of any applicable laws, rules or regulations, or otherwise, or (ii) any applicable laws which impose mandatory recoupment, under circumstances set forth in such applicable laws, including as required by the Sarbanes-Oxley Act of 2002, Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law, regulation or stock exchange listing requirement, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to the Restricted Stock Unit and recovery of amounts relating thereto. By accepting this Restricted Stock Unit, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup this Restricted Stock Unit or amounts paid under this Restricted Stock Unit subject to claw-back pursuant to such law, government regulation, stock exchange listing requirement or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup this Restricted Stock Unit or amounts paid hereunder from the Participant's accounts, or pending or future compensation awards that may be made to the Participant.

8. Non-transferability.

The Participant has no right to sell, assign, transfer, pledge, or otherwise alienate the Restricted Stock Units, and any attempted sale, assignment, transfer, pledge or other conveyance will be null and void.

9. Securities Law Restrictions.

(a) If the Participant is resident outside of the United States, the grant of Restricted Stock Units is not intended to be a public offering of securities in the Participant's country. The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and this grant of Restricted Stock Units is not subject to the supervision of the local securities authorities.

(b) Notwithstanding anything herein to the contrary, the Committee, in its sole and absolute discretion, may delay transferring shares of Stock to the Participant or the Participant's beneficiary in settlement of vested Restricted Stock Units or may impose restrictions or conditions on the

Participant's (or any beneficiary's) ability to directly or indirectly sell, hypothecate, pledge, loan, or otherwise encumber, transfer or dispose of the shares of Stock, if the Committee determines that such action is necessary or desirable for compliance with any applicable state, federal or non-U.S. law, the requirements of any stock exchange on which the shares of Stock is then traded, or is requested by the Company or the underwriters managing any underwritten offering of the Company's securities pursuant to an effective registration statement filed under the Securities Act of 1933.

10. Limited Interest.

(a) The grant of the Restricted Stock Units will not be construed as giving the Participant any interest other than as provided in this Agreement. The Participant's Restricted Stock Units constitutes an unsecured promise by the Company to pay the Participant one share of Stock on the settlement of vested Restricted Stock Units. As the holder of Restricted Stock Units, the Participant has only the rights of a general unsecured creditor of the Company. The Company will credit the Restricted Stock Units to a book-keeping account in the name of the Participant, but no assets of the Company will be held or set aside as security for the obligations of the Company hereunder. The Participant will have no voting rights or any other rights as a shareholder as a result of the grant or vesting of the Restricted Stock Units unless and until shares of Stock are issued in settlement of vested Restricted Stock Units.

(a) The grant of the Restricted Stock Units will not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger, consolidation or business combination of the Company, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the stock or the rights of the holders thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business or any other Company act or proceeding, whether of a similar character or otherwise.

9. Nature of Grant.

In accepting the Restricted Stock Units, the Participant acknowledges and agrees that:

(a) the Amended Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of Restricted Stock Units is a one-time benefit and does not create any contractual or other right to receive future grants of Restricted Stock Units, benefits in lieu of Restricted Stock Units, or other benefits in the future, even if Restricted Stock Units have been granted repeatedly in the past;

(c) all decisions with respect to future grants of Restricted Stock Units, if any, and their terms and conditions, will be made by the Company, in its sole discretion;

(d) nothing contained in this Agreement is intended to create or enlarge any other contractual obligation between the Company or any of its Subsidiaries and the Participant;

(e) the Participant is voluntarily participating in the Amended Plan;

(f) the grant of the Restricted Stock Units will not confer on the Participant any right to continue as an employee or continue in service of the Employer, nor interfere in any way with the right of the Employer to terminate the Participant's employment at any time;

(g) the grant of Restricted Stock Units will not be interpreted to form an employment or service contract or relationship with the Company or any of its Subsidiaries;

(h) the Restricted Stock Units are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and are outside the scope of the Participant's employment contract, if any;

(i) the Restricted Stock Units are not intended to replace any pension rights or compensation;

(j) the Restricted Stock Units are not part of the Participant's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance resignation, termination, redundancy, dismissal, end-of-services payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits, or similar payments and in no event should they be considered as compensation for, or relating in any way to past services for the Company or any of its Subsidiaries or Affiliates;

(k) the future value of the shares of Stock underlying the Restricted Stock Units is unknown and cannot be predicted with certainty;

(l) in consideration of the Restricted Stock Unit, no claim or entitlement to compensation or damages shall arise from the Restricted Stock Unit resulting from termination of the Participant's employment (for any reason whatsoever) and the Participant irrevocably releases the Company and its Subsidiaries or Affiliates from any such claim that may arise; if such claim is found by a court of competent jurisdiction to have arisen, then by signing or electronically accepting this Agreement, the Participant shall be deemed to have waived the Participant's entitlement to pursue such claim;

(m) unless otherwise provided in the Amended Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Stock;

(n) unless otherwise agreed with the Company, the Restricted Stock Units and the shares of Stock subject to the Restricted Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary; and

(o) neither the Company nor any of its Subsidiaries or Affiliates shall be liable for any change in the value of the Restricted Stock Units, the amount realized upon settlement of the Restricted Stock Units or the amount realized upon a subsequent sale of any shares of Stock acquired upon settlement of the Restricted Stock Units, resulting from any fluctuation of the United States Dollar/local currency foreign exchange rate.

9. Data Privacy.

The Company and the Employer hold and control certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, tax jurisdiction, job title, any shares of Stock or directorships held in the Company, details of all options, Restricted Stock Units or any other entitlement to shares of

Stock or units awarded, canceled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Amended Plan ("Data").

The Company and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Amended Plan, and the Company and its Subsidiaries may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Amended Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Company will protect the Data by insuring that any such recipients are certified under the E.U.-U.S. Privacy Shield Framework or have entered into an agreement to hold or process such Data in compliance with Privacy Shield Principles, the E.U. Model Clauses or similar legislation of the country where the Participant resides, and will receive, possess, use, retain and transfer the Data, in electronic or other form, solely for the purposes of implementing, administering and managing the Participant's participation in the Amended Plan, including any requisite transfer of such Data as may be required for the administration of the Amended Plan and/or the subsequent holding of shares of Stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of Stock acquired pursuant to the Amended Plan. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.

Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke the Participant's consent, the Participant's employment status with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant Restricted Stock Units or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Amended Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact the Participant's local human resources representative.

The Participant may, at any time, exercise the Participant's rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of Data, (b) verify the content, origin and accuracy of Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of Data, (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the Amended Plan and the Participant's participation in the Amended Plan, and (e) withdraw the Participant's consent to the collection, processing or transfer of Data as provided hereunder (in which case the Restricted Stock Units will be null and void). The Participant may seek to exercise these rights by contacting the Participant's local human resources representative.

Finally, upon request of the Company or the Employer, the Participant agrees to provide an executed data privacy consent form to the Company and/or the Employer (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or the Employer may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Amended Plan in compliance with the data privacy laws in the Participant's country, either now or in the future. The Participant understands and agrees that he or she will not be able to participate in the Amended Plan if the Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

10. Insider Trading/Market Abuse Laws.

By participating in the Amended Plan, the Participant agrees to comply with the Company's policy on insider trading (to the extent that it is applicable to the Participant). The Participant further acknowledges that, depending on the Participant's or the broker's country of residence or where the shares of Stock are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws that may affect the Participant's ability to accept, acquire, sell or otherwise dispose of shares of Stock, rights to shares of Stock (e.g., Restricted Stock Units) or rights linked to the value of shares of Stock, during such times the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant places before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant understands that third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to comply with any applicable restrictions, and that the Participant should therefore consult his or her personal advisor on this matter.

11. Foreign Asset/Account Reporting and Exchange Control Requirements

The Participant acknowledges that the Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold shares of Stock acquired under the Amended Plan or cash received from participating in the Amended Plan (including from any dividends paid on shares of Stock or sales proceeds from the sale of shares of Stock) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Amended Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

12. Imposition of Other Requirements.

The Company reserves the right to impose other requirements on the Participant's participation in the Amended Plan, on the Restricted Stock Units and on any shares of Stock acquired under the Amended Plan, to the extent the Company or any of its Subsidiaries determine it necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units and the Amended Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. The Participant agrees to take any and all actions, and consents to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in the Participant's country. In addition, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal obligations under local laws, rules and regulations in the Participant's country.

13. Addendum.

This grant of Restricted Stock Units shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for the Participant's country of residence or employment, if different. Moreover, if the Participant relocates to one of the countries included in the Addendum, the

special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's relocation). The Addendum constitutes part of this Agreement.

14. Electronic Delivery of Award Agreement.

The Company, in its sole discretion, may decide to deliver any documents related to current or future participation in the Amended Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Amended Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

15. Language.

If the Participant has received this Agreement or any other document related to the Amended Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

16. No Advice Regarding Grant.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Amended Plan, or the Participant's acquisition or sale of the underlying shares of Stock. The Participant should consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Amended Plan before taking any action related to the Amended Plan.

20. Confidentiality.

(a) The Participant acknowledges and agrees that the Participant's position and employment by the Company has required, and will continue to require, that the Participant have access to, and knowledge of, valuable and sensitive information relating to the Company and its business including, but not limited to, information relating to its products and product development; pricing; engineering and design specifications; trade secrets; customers; suppliers; employees; unique and/or proprietary software and source code; and marketing plans (collectively, "Confidential Information").

(b) The Participant acknowledges and agrees that the Participant will keep in strict confidence, and will not, directly or indirectly, at any time during or after the Participant's employment with the Company, disclose, furnish, disseminate, make available or use Confidential Information of the Company or its customers or suppliers, without limitation as to when or how the Participant may have acquired such information, other than in the proper performance of the Participant's duties to the Company, unless and until such Confidential Information is or shall become general public knowledge through no fault of the Participant.

(c) Nothing contained in this Agreement shall limit the Participant's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other U.S. federal, state or local and/or non-U.S. governmental agency or commission ("Government Agencies"). Furthermore, this Agreement does not limit the Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be

conducted by any Government Agency, including providing documents or other Company confidential information, without notice to the Company. This Agreement also does not limit the Participant's right to receive an award for information provided to any Government Agencies. Pursuant to the Defend Trade Secrets Act of 2016, an individual may not be held criminally or civilly liable under any U.S. federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a U.S. federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

21. Non-Competition and Non-Solicitation.

(a) For purposes of this Agreement, "Competition" by the Participant means engaging in, or otherwise directly or indirectly being employed by or acting as a consultant to, or being a director, officer, employee, principal, agent, shareholder, member, owner or partner of, anywhere in the world that competes, directly or indirectly, with the Company in the Business; provided, however, it shall not be a violation of this Agreement for the Participant to become the registered or beneficial owner of up to five percent (5%) of any class of share of any entity in Competition with the Company that is publicly traded on a recognized domestic or foreign securities exchange, provided that the Participant does not otherwise participate in the Business of such corporation.

(b) For purposes of this Agreement, "Business" means the creation, development, manufacture, sale, promotion and distribution of vehicle electronics, transportation components, integrated systems and modules, electronic technology and other products and services that the Company engages in, or is preparing to become engaged in.

(c) The Participant agrees that, during the Participant's employment and for 18 months after the termination of the Participant's employment by the Participant or by the Company for any reason, the Participant will not directly or indirectly engage in Competition with the Company.

(d) The Participant agrees that, during the Participant's employment and for 18 months after the termination of the Participant's employment by the Participant or by the Company for any reason, the Participant will not directly or indirectly: (i) solicit for the Participant's benefit or the benefit of any other person or entity, business of the same or of a similar nature to the Business from any customer that is doing business with the Company or that did business with the Company in the six months before the termination of the Participant's employment; (ii) solicit for the Participant's benefit or the benefit of any other person or entity from any known potential customer of the Company, business of the same or of a similar nature to the Business; (iii) otherwise interfere with the Business of the Company, including, but not limited to, with respect to any relationship or agreement between the Company and any supplier to the Company during the period of the Participant's employment; or (iv) solicit for the Participant's benefit or the benefit of any other person or entity, the employment or services of, or hire or engage, any individual who was employed or engaged by the Company during the period of the Participant's employment.

(e) The Participant acknowledges that the Company would suffer irreparable harm if the Participant fails to comply with Paragraph 20 or 21 of this Agreement, and that the Company would be entitled to any appropriate relief, including money damages, equitable relief and attorneys' fees. The Participant further acknowledges that enforcement of the covenants in Paragraph 21 is necessary to ensure

the protection and continuity of the business and goodwill of the Company and that, due to the proprietary nature of the Business of the Company, the restrictions set forth in Paragraph 21 are reasonable as to geography, duration and scope.

22. Jurisdiction and Venue.

The parties agree that enforcement of this Agreement, including any legal actions for breach of this Agreement, may only be brought in a state or federal court located in Oakland County or Wayne County, Michigan. The parties expressly agree that Michigan state and federal courts may properly exercise personal jurisdiction over them in any such litigation, and hereby waive any objections to personal jurisdiction and venue in: (a) any Michigan state court located in Wayne County or Oakland County, Michigan; or (b) the United States District Court for the Eastern District of Michigan.

23. Incorporation by Reference.

The terms of the Amended Plan are expressly incorporated herein by reference. In the event of any conflict between this Agreement and the Amended Plan, the Amended Plan will govern.

24. Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles thereof.

25. Severability.

If any provision of the Agreement is held unenforceable, illegal or invalid for any reason, the unenforceability, illegality or invalidity will not affect the remaining provisions of the Agreement, and the Agreement is to be construed and enforced as if the unenforceable, illegal or invalid provision has not been inserted, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

26. Waiver.

The waiver by the Company with respect to the Participant's (or any other participant's) compliance of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

27. Binding Effect; No Third Party Beneficiaries.

This Agreement shall be binding upon and inure to the benefit of the Company and the Participant, and to each of our respective heirs, representatives, successors and permitted assigns. Neither the terms of this Agreement nor the Amended Plan shall confer any rights or remedies upon any person other than the Company and the Participant and to each of our respective heirs, representatives, successor and permitted assigns.

28. Amendment.

This Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of Visteon Corporation and the Participant.

29. Counterparts.

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

Addendum to
the RESTRICTED STOCK UNIT GRANT Agreement

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Capitalized terms used but not defined in this Addendum have the meanings set forth in the Amended Plan and/or in the Agreement.

Terms and Conditions

This document (the “Addendum”) includes additional terms and conditions that govern the Restricted Stock Units granted under the Amended Plan if the Participant works and/or resides in one of the countries or jurisdictions listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant (or, in the event of the Participant’s relocation, the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate such relocation).

Notifications

This document also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant’s participation in the Amended Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2019. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant’s participation in the Amended Plan because the information may be out of date by the time the Participant vests in Restricted Stock Units or sells shares or Stock acquired under the Amended Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his or her situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to the Participant.

European Union (“EU”) / European Economic Area (“EEA”)

Data Privacy. If the Participant resides and/or performs services in the EU/EEA, Paragraph 12 of the Agreement shall be replaced with the following:

The Company, with its registered address at One Village Center Drive, Van Buren Township, Michigan 48111, U.S.A., is the controller responsible for the processing of the Participant’s personal data by the Company and the third parties noted below.

(a) Data Collection and Usage. Pursuant to applicable data protection laws, the Participant is hereby notified that the Company collects, processes and uses certain personally-identifiable information about the Participant for the legitimate interest of implementing, administering and managing the Amended Plan and generally administering equity awards; specifically, including the Participant’s name,

home address, email address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any shares of Stock or directorships held in the Company, and details of all Restricted Stock Units, options or any other entitlement to shares of Stock awarded, canceled, exercised, vested, or outstanding in the Participant's favor; which the Company receives from the Participant or the Employer ("**Personal Data**"). In granting the Restricted Stock Units under the Amended Plan, the Company will collect Personal Data for purposes of allocating shares of Stock and implementing, administering and managing the Amended Plan. The Company's legal basis for the collection, processing and use of Personal Data is the necessity of the processing for the Company to perform its contractual obligations under this Agreement and the Amended Plan and the Company's legitimate business interests of managing the Amended Plan, administering employee equity awards and complying with its contractual and statutory obligations.

(b)Stock Plan Administration Service Provider. The Company transfers Personal Data to Fidelity Stock Plan Services, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Amended Plan. In the future, the Company may select a different service provider and share Personal Data with another company that serves in a similar manner. The Company's service provider will open an account for the Participant to receive and trade shares of Stock. The Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to the Participant's ability to participate in the Amended Plan. The processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Amended Plan.

(c)International Data Transfers. The Company and its service providers are based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued only a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. Alternatively, an appropriate level of protection can be achieved by implementing safeguards such as the Standard Contractual Clauses adopted by the EU Commission. Personal Data will be transferred from the EU/EEA to the Company and onward from the Company to any of its service providers based on the EU Standard Contractual Clauses or, if applicable, registration with the EU-U.S. Privacy Shield program. The Participant may request a copy of such appropriate safeguards by contacting his or her local human resources department.

(d)Data Retention. The Company will use Personal Data only as long as is necessary to implement, administer and manage the Participant's participation in the Amended Plan or as required to comply with legal or regulatory obligations, including tax and securities laws. When the Company no longer needs Personal Data, the Company will remove it from its systems. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be for compliance with relevant laws or regulations.

(e)Data Subject Rights. The Participant may have a number of rights under data privacy laws in the Participant's country. For example, the Participant's rights may include the right to (i) request access or copies of Personal Data the Company processes, (ii) request rectification of incorrect Personal Data, (iii) request deletion of Personal Data, (iv) place restrictions on processing of Personal Data, (v) lodge complaints with competent authorities in the Participant's country, and/or (vi) request a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding the

Participant's rights or to exercise the Participant's rights, the Participant may contact his or her local human resources department.

Brazil

Form of Settlement. Unless otherwise determined by the Committee, the Restricted Stock Units shall be settled in the form of a cash payment.

Labor Law Acknowledgment. The Participant agrees that (i) the benefits provided under the Agreement and the Amended Plan are the result of commercial transactions unrelated to the Participant's employment; (ii) the Agreement and the Amended Plan are not part of the terms and conditions of the Participant's employment; and (iii) the income from the vesting of the Restricted Stock Units, if any, is not part of the Participant's remuneration from employment.

Compliance with Law. By participating in the Amended Plan, the Participant agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the Restricted Stock Units and any cash payment made under the Amended Plan.

Bulgaria

No country-specific provisions.

Canada

Form of Settlement. Notwithstanding anything to the contrary in the Agreement or the Amended Plan, the Restricted Stock Units shall be settled only in shares of Stock (and may not be settled in cash).

English Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir expressément souhaité que la convention, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

Data Privacy. The following provision supplements Paragraph 12 of the Agreement:

The Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Amended Plan. The Participant further authorizes the Company, the Employer and its other Subsidiaries or Affiliates to disclose and discuss the Amended Plan with their advisors. The Participant further authorizes the Company, the Employer and any other

Subsidiary or Affiliate to record such information and to keep such information in the Participant's employee file.

China

Terms and Conditions

Form of Settlement. Unless otherwise determined by the Committee, the Restricted Stock Units shall be settled in the form of a cash payment.

France

Type of Grant. The Restricted Stock Units are not granted as "French-qualified" awards and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197 and seq. of the French Commercial Code, as amended.

English Language. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

Germany

No country-specific provisions.

Hungary

No country-specific provisions.

India

No country-specific provisions.

Japan

No country-specific provisions.

Mexico

Commercial Relationship. The Participant expressly recognizes that the Participant's participation in the Amended Plan and the Company's grant of the Restricted Stock Units does not constitute an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and the Company's Subsidiary in Mexico that employs the Participant ("Visteon-Mexico") and Visteon-Mexico is the Participant's sole employer. Based on the foregoing, (a) the Participant expressly recognizes the Amended Plan and the benefits the Participant may derive from the Participant's participation in the Amended Plan does not establish any rights between the Participant and Visteon-Mexico, (b) the Amended Plan and the benefits the Participant may derive from the Participant's participation in the Amended Plan are not part of the employment conditions and/or benefits provided by Visteon-Mexico, and (c) any modifications or amendments of the Amended Plan by the Company, or a termination of the

Amended Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with Visteon-Mexico.

Extraordinary Item of Compensation. The Participant expressly recognizes and acknowledges that the Participant's participation in the Amended Plan is a result of the discretionary and unilateral decision of the Company, as well as the Participant's free and voluntary decision to participate in the Amended Plan in accordance with the terms and conditions of the Amended Plan, the Agreement and this Addendum. As such, the Participant acknowledges and agrees that the Company may, in its sole discretion, amend and/or discontinue the Participant's participation in the Amended Plan at any time and without any liability. The value of the Restricted Stock Units is an extraordinary item of compensation outside the scope of the Participant's employment contract, if any. The Restricted Stock Units are not part of the Participant's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of Visteon-Mexico.

Portugal

English Language. The Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepts and agrees with the terms and conditions established in the Amended Plan and the Agreement. ***O Participante, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e do Contrato.***

Romania

No country-specific provisions.

Russia

Transaction Outside of Russia. The Participant understands that accepting the Restricted Stock Units and the terms and conditions of the Agreement will result in a contract between the Participant and the Company completed in the United States and that the Agreement is governed by U.S. law. The Participant understands and acknowledges that any shares of Stock issued under the Amended Plan shall be delivered to the Participant through a brokerage account maintained outside Russia. The Participant understands that the Participant may hold shares of Stock in a brokerage account outside Russia; however, in no event will shares of Stock issued to the Participant and/or share certificates or other instruments be delivered to the Participant in Russia. The Participant acknowledges and agrees that the Participant is not permitted to sell or otherwise transfer the shares of Stock directly to other Russian legal entities or individuals. Finally, the Participant acknowledges and agrees that the Participant may sell or otherwise transfer the shares of Stock only outside Russia.

Securities Law Information. The Agreement, including these specific provisions for Russia, the Amended Plan and other incidental communication materials distributed in connection with the Amended Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under Russian law, the issuance of shares of Stock pursuant to the Amended Plan has not and will not be registered in Russia; hence, the shares of Stock described in any plan-related documents may not be used for offering or public circulation in Russia.

Slovakia

No country-specific provisions.

South Korea

No country-specific provisions.

Spain

Acknowledgement of Discretionary Nature of the Amended Plan; No Vested Rights.

In accepting the grant of Restricted Stock Units, the Participant acknowledges that he or she consents to participation in the Amended Plan and has received a copy of the Amended Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted Restricted Stock Units under the Amended Plan to individuals who may be employees of the Company or its Subsidiaries or Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries or Affiliates on an ongoing basis. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that the Restricted Stock Units and the shares of Stock acquired upon vesting of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any of its Subsidiaries or Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the grant of the Restricted Stock Units shall be null and void.

The Participant understands and agrees that, as a condition of the grant of the Restricted Stock Units, the Participant's termination of employment for any reason (including the reasons listed below) will automatically result in the loss of the Restricted Stock Units to the extent the Restricted Stock Units have not vested as of date that the Participant ceases active employment. In particular, unless otherwise provided in the Agreement, the Participant understands and agrees that any unvested Restricted Stock Units as of the date the Participant ceases active employment will be forfeited without entitlement to the underlying shares of Stock or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985. The Participant acknowledges that the

Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination of employment on the Participant's Restricted Stock Units.

Taiwan

Securities Law Information. The Restricted Stock Units and any shares of Stock to be issued pursuant to the Amended Plan are available only for employees. The grant of Restricted Stock Units is not a public offer of securities by a Taiwanese company.

Thailand

No country-specific provisions.

Tunisia

Form of Settlement. Unless otherwise determined by the Committee, the Restricted Stock Units shall be settled in the form of a cash payment.

United Kingdom

Withholding of Taxes. Without limitation to Paragraph 6 of the Agreement, the Participant hereby agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company, the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold on the Participant's behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days after the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs may constitute an additional benefit to the Participant on which additional income tax and national insurance contribution may be payable. The Participant understands that the Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company and/or the Employer for the value of any employee national insurance contribution due on this additional benefit, which may be recovered from the Participant's by the Company or the Employer by any of the means referred to in Paragraph 6 of the Agreement.

Exclusion of Claim. The Participant hereby acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to Restricted Stock Units, whether or not as a result of termination of employment (whether such termination is in breach of contract or otherwise), or from the loss of diminution in value of the Restricted Stock Units. Upon the grant of the Restricted Stock Units, the Participant shall be deemed to have waived irrevocably such entitlement.

Schedule identifying substantially identical agreements, between Visteon Corporation ("Visteon") and each of the persons named below, to the Change in Control Agreement constituting Exhibit 10.9 to the Annual Report on Form 10-K of Visteon for the fiscal year ended December 31, 2020.

Name

Matthew M. Cole

Brett D. Pynnonen

Joao Paulo Ribeiro

Jerome J. Rouquet

Kristin E. Trecker

Robert R. Vallance

SUBSIDIARIES OF VISTEON CORPORATION AS OF DECEMBER 31, 2020*

Organization	Jurisdiction
SunGlas, LLC	Delaware, U.S.A.
Fairlane Holdings, Inc.	Delaware, U.S.A.
Visteon Climate Control Systems Limited	Delaware, U.S.A.
ARS, Inc.	Delaware, U.S.A.
Visteon Domestic Holdings, LLC	Delaware, U.S.A.
Visteon Electronics Corporation	Delaware, U.S.A.
Visteon Global Electronics, Inc.	Delaware, U.S.A.
Changchun Visteon FAWAY Automotive Electronics Co., Ltd.	China
Visteon European Electronics, Inc.	Delaware, U.S.A.
Visteon Electronics Slovakia, s.r.o.	Slovakia
Visteon Electronics Bulgaria EOOD	Bulgaria
Visteon Electronics Spain, S.L.	Spain
Shanghai Visteon Automotive Electronics Co. Ltd.	China
Shanghai Visteon Electronics Technology Co. Ltd.	China
Visteon Automotive Electronics (Chongqing) Co., Ltd.	China
Visteon Trading (Chongqing) Co. Ltd.	China
Visteon Global Technologies, Inc.	Michigan, U.S.A.
Visteon German Holdings, LLC	Delaware, U.S.A.
Visteon Holdings GmbH	Germany
Visteon Electronics Germany GmbH	Germany
Visteon Global Treasury, Inc.	Delaware, U.S.A.
Visteon International Business Development, Inc.	Delaware, U.S.A.
Visteon International Holdings, Inc.	Delaware, U.S.A.
Visteon Asia Holdings, LLC	Delaware, U.S.A.
Visteon Canada Inc.	Canada
Visteon Caribbean, Inc.	Puerto Rico
Visteon S.A.	Argentina
Visteon European Holdings, LLC	Delaware, U.S.A.
Visteon Automotive Holdings, LLC	Delaware, U.S.A.
Visteon Holdings, LLC	Delaware, U.S.A.
Grupo Visteon, S.de R.L. de C.V.	Mexico
Aeropuerto Sistemas Automotrices S.de R.L de C.V.	Mexico
Altec Electronica Chihuahua, S.A. de C.V.	Mexico
Carplastic S.A. de C.V.	Mexico
Visteon de Mexico S. de R.L.	Mexico

Visteon Financial, LLC
Visteon Holdings France SAS
Visteon Electronics France
Visteon Electronics Tunisia
Autronic S.A.
Visteon Software Technologies SAS
Visteon Holdings Hungary Kft
VEHC, LLC

Delaware, U.S.A.
France
France
Tunisia
Tunisia
France
Hungary
Delaware, U.S.A.

Visteon Finance Limited	United Kingdom
Visteon Portuguesa, Ltd.	Bermuda
VIHI, LLC	Delaware, U.S.A.
Brasil Holdings Ltda.	Brazil
Visteon Sistemas Automotivos Ltda.	Brazil
Visteon Brasil Trading Company Ltd.	Bermuda
Taiwan Visteon Automotive Electronics LLC	Taiwan
Visteon Adminisztracios Hungary Kft	Hungary
Visteon Amazonas Ltda.	Brazil
Visteon Technical & Services Centre Private Limited	India
Algo Systems, Inc.	Delaware, U.S.A.
Visteon Automotive Electronics (Thailand) Limited	Thailand
Visteon Electronics Rus	Russia
Visteon Climate Holdings 1, LLC	Delaware, U.S.A.
Visteon Climate Holdings (Hong Kong), Ltd.	Hong Kong
Visteon Electronics Korea Ltd.	S. Korea
Visteon Electronics Romania S.R.L.	Romania
Visteon Engineering Services Limited	United Kingdom
Visteon Engineering Services Pension Trustees Ltd	United Kingdom
Visteon EU Holdings, LLC	Delaware, U.S.A.
Visteon Innovation & Technology GmbH	Germany
Visteon International Holdings (Hong Kong), Ltd.	Hong Kong
Visteon Asia Pacific, Inc.	China
Visteon Japan, Ltd.	Japan
Visteon Netherland Holdings Cooperatief I U.A.	Netherlands
Visteon Electronics India Private Limited	India
Visteon South Africa (Pty) Limited	South Africa
Visteon Automotive (India) Private Ltd.	India
Yanfeng Visteon Automotive Electronics Co., Ltd.	China
Visteon LA Holdings Corp.	Delaware, U.S.A.
Visteon Systems, LLC	Delaware, U.S.A.
Visteon AC Holdings Corp.	Delaware, U.S.A.

*Subsidiaries not shown by name in the above list, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statements (Form S-3 No. 333-178639 and 333-172716) of Visteon Corporation,
- (2) Registration Statements (Form S-8 No. 333-240184 and 333-169695) pertaining to the 2020 Incentive Plan of Visteon Corporation and 2010 Incentive Plan of Visteon Corporation;

of our reports dated February 18, 2021, with respect to the consolidated financial statements and schedule of Visteon Corporation and the effectiveness of internal control over financial reporting of Visteon Corporation included in this Annual Report (Form 10-K) of Visteon Corporation for the year ended December 31, 2020.

/s/ Ernst & Young LLP
Detroit, Michigan
February 18, 2021

VISTEON CORPORATION

Certificate of Secretary

The undersigned, Heidi A. Sepanik, Secretary of VISTEON CORPORATION, a Delaware corporation (the "Company"), DOES HEREBY CERTIFY that the following resolutions were adopted by the Board of Directors of the Company by unanimous written consent effective as of February 17, 2021, and that the same are in full force and effect:

BE IT HEREBY RESOLVED, that preparation of the Annual Report on Form 10-K of the Company for the year ended December 31, 2020 (the "10-K Report"), including exhibits and other documents, to be filed with the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended, be and hereby is in all respects authorized and approved; that the draft 10-K Report be and hereby is approved in all respects; that the directors and appropriate officers of the Company, and each of them, be and hereby are authorized to sign and execute in their own behalf, or in the name and on behalf of the Company, or both, as the case may be, the 10-K Report, and any and all amendments thereto, with such changes therein as such directors and officers may deem necessary, appropriate or desirable, as conclusively evidenced by their execution thereof; and that the appropriate officers of the Company, and each of them, be and hereby are authorized to cause the 10-K Report and any such amendments, so executed, to be filed with the Commission.

FURTHER RESOLVED, that each officer and director who may be required to sign and execute the 10-K Report or any amendment thereto or document in connection therewith (whether in the name and on behalf of the Company, or as an officer or director of the Company, or otherwise), be and hereby is authorized to execute a power of attorney appointing J. J. Rouquet, B. D. Pynnonen and A. S. Fleming, and each of them, severally, his or her true and lawful attorney or attorneys to sign in his or her name, place and stead, in any such capacity, the 10-K Report and any and all amendments thereto and documents in connection therewith, and to file the same with the Commission, each of said attorneys to have power to act with or without the other, and to have full power and authority to do and perform in the name and on behalf of each of said officers and directors who shall have executed such power of attorney, every act whatsoever which such attorneys, or any of them, may deem necessary, appropriate or desirable to be done in connection therewith as fully and to all intents and purposes as such officers or directors might or could do in person.

WITNESS my hand as of this 18th day of February, 2021.

/s/ Heidi A. Sepanik

Heidi A. Sepanik

Secretary

(SEAL)

POWER OF ATTORNEY WITH RESPECT TO
ANNUAL REPORT ON FORM 10-K OF
VISTEON CORPORATION FOR
THE YEAR ENDED DECEMBER 31, 2020

Each of the undersigned, a director or officer of VISTEON CORPORATION, appoints each of J. J. Rouquet, B. D. Pynnonen and A. S. Fleming as his or her true and lawful attorney and agent to do any and all acts and things and execute any and all instruments which the attorney and agent may deem necessary or advisable in order to enable VISTEON CORPORATION to comply with the Securities Exchange Act of 1934, and any requirements of the Securities and Exchange Commission, in connection with the Annual Report on Form 10-K of VISTEON CORPORATION for the year ended December 31, 2020, and any and all amendments thereto, including, but not limited to, power and authority to sign his or her name (whether on behalf of VISTEON CORPORATION, or as a director or officer of VISTEON CORPORATION, or by attesting the seal of VISTEON CORPORATION, or otherwise) to such instruments and to such Annual Report and any amendments thereto, and to file them with the Securities and Exchange Commission. The undersigned ratifies and confirms all that any of the attorneys and agents shall do or cause to be done by virtue hereof. Any one of the attorneys and agents shall have, and may exercise, all the powers conferred by this instrument.

Each of the undersigned has signed his or her name as of the 18th day of February, 2021

Signature/Name	Position
<u>/s/Sachin S. Lawande</u> Sachin S. Lawande	Director, President and Chief Executive Officer (Principal Executive Officer)
<u>/s/Jerome J. Rouquet</u> Jerome J. Rouquet	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/Abigail S. Fleming</u> Abigail S. Fleming	Vice President and Chief Accounting Officer (Principal Accounting Officer)
<u>/s/James J. Barrese</u> James J. Barrese	Director
<u>/s/Naomi M. Bergman</u> Naomi M. Bergman	Director
<u>/s/Jeffrey D. Jones</u> Jeffrey D. Jones	Director
<u>/s/Joanne M. Maguire</u> Joanne M. Maguire	Director
<u>/s/Robert J. Manzo</u> Robert J. Manzo	Director
<u>/s/Francis M. Scricco</u> Francis M. Scricco	Director
<u>/s/David L. Treadwell</u> David L. Treadwell	Director

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)**I, Sachin Lawande, certify that:**

1. I have reviewed this Annual Report on Form 10-K of Visteon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2021

/s/ Sachin S. Lawande
Sachin S. Lawande
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, Jerome J. Rouquet, certify that:

1. I have reviewed this Annual Report on Form 10-K of Visteon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2021

/s/ Jerome J. Rouquet
Jerome J. Rouquet
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SS.1350
AND EXCHANGE ACT RULE 13a-14(b)

Solely for the purposes of complying with 18 U.S.C. ss.1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), I, the undersigned President and Chief Executive Officer of Visteon Corporation (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) of the Exchange Act and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Sachin S. Lawande
Sachin S. Lawande

February 18, 2021

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SS.1350
AND EXCHANGE ACT RULE 13a-14(b)

Solely for the purposes of complying with 18 U.S.C. ss.1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), I, the undersigned Chief Financial Officer of Visteon Corporation (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) of the Exchange Act and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Jerome J. Rouquet

Jerome J. Rouquet

February 18, 2021