

Edgar Filing: VISTEON CORP - Form 11-K

VISTEON CORP  
Form 11-K  
June 27, 2003

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 11-K

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

(Mark One)

Annual report pursuant to Section 15(d) of the Securities Exchange  
Act of 1934

(No fee required, effective October 7, 1996)

For the fiscal year ended December 30, 2002

or

Transition report pursuant to Section 15(d) of the Securities Exchange  
Act of 1934

(No fee required)

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

Commission file number 1-15827

A. Full title of the plan and the address of the plan, if different from  
that of the issuer named below:

Visteon Investment Savings Plan  
for Hourly Employees

B. Name of issuer of the securities held pursuant to the plan and the  
address of its principal executive office:

Visteon Corporation  
17000 Rotunda Drive  
Dearborn, Michigan 48120

REQUIRED INFORMATION

FINANCIAL STATEMENTS AND SCHEDULES.

Report of Independent Auditors.  
Statement of Net Assets Available for Benefits as of December 30, 2002 and  
2001.

Statement of Changes in Net Assets Available for Benefits for the Years  
Ended December 30, 2002 and 2001.

Schedule of Assets (Held at End of Year) as of December 30, 2002 and 2001.

Reportable Transactions for the Year Ended December 30, 2001.

EXHIBITS.

23 Consent of Independent Accountants  
99 Certification of Periodic Financial Reports

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

VISTEON INVESTMENT SAVINGS PLAN  
FOR HOURLY EMPLOYEES

Date: June 27, 2003

By /s/ Robert H. Marcin

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Robert H. Marcin  
Plan Administrator

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VISTEON INVESTMENT SAVINGS  
PLAN FOR HOURLY EMPLOYEES  
REPORT ON AUDITS OF FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES  
FOR THE YEARS ENDED DECEMBER 30, 2002 AND 2001

VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
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DECEMBER 30, 2002 AND 2001

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REPORT OF INDEPENDENT AUDITORS

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To the Participants and Administrator of the  
Visteon Investment Savings Plan for Hourly Employees

In our opinion, the accompanying statement of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Visteon Investment Savings Plan for Hourly Employees (the "Plan") at December 30, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 30, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) and Schedule of Reportable Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 24, 2003

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VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
AS OF DECEMBER 30, 2002 AND 2001

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	2002	2001
ASSETS		
Investments, at fair value	\$539,225	\$ 142,216
Loans to participants	16,706	-

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Net assets available for benefits	----- \$555,931 =====	----- \$ 142,216 =====
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The accompanying notes are an integral part of the financial statements.

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VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 30, 2002

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ADDITIONS		
Additions to net assets attributed to		
Net appreciation (depreciation) in fair value of investments		\$ (72,113)
Interest and dividend income		9,394
		-----
		(62,719)
Contributions		
Employee contributions		484,110
Other additions		
Loan interest		200
		-----
Total additions		421,591
DEDUCTIONS		
Deductions from net assets attributed to		
Withdrawal of participants' accounts		(7,872)
Administrative expense		(4)
		-----
Total deductions		(7,876)
		-----
Net increase		413,715
		-----
Net assets available for benefits		
Beginning of year		142,216
		-----
End of year		\$ 555,931
		=====

The accompanying notes are an integral part of the financial statements.

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VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 30, 2002 AND 2001

1. DESCRIPTION OF THE PLAN

The following description of the Visteon Investment Savings Plan for Hourly Employees (the "Plan") provides only general information. The Plan was established effective July 1, 2000. The provisions of the Plan are governed in all respects by the detailed terms and conditions contained in the Plan document. Participants should refer to the Plan document for a complete description of the Plan's provisions.

TYPE AND PURPOSE OF THE PLAN

The Plan is a defined contribution plan established to encourage and facilitate systematic savings and investment by eligible hourly employees of Visteon Corporation ("Visteon") and to provide them with an opportunity to become stockholders of Visteon. The Plan includes provisions for voting shares of Visteon stock. It is subject to certain provisions of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") applicable to defined contribution pension plans.

ELIGIBILITY AND VESTING

Hourly employees are eligible to participate in the Plan three months after their date of hire. Certain other part-time and temporary employees may also be eligible to participate in the Plan. Participation in the Plan is voluntary. Participants are immediately 100% vested in their contributions and actual earnings thereon, regardless of length of service.

CONTRIBUTIONS

Under the Plan, and subject to limits required to be imposed by the Internal Revenue Code of 1986, as amended (the "Code") participants may elect to contribute up to 40 percent of their eligible wages. Participants may also elect to reduce their annual profit sharing bonus, if any, to be contributed to the Plan. Effective June 1, 2002, participants who have attained the age of 50 are eligible to make supplemental contributions. Such contributions are excluded from participants' taxable income.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and allocations of (a) plan earnings, and (b) certain fund expenses. Allocations are based on participant earnings or account balances. Under the Plan, certain funds will charge a fee on short term transfers which is paid from the participant's account. The benefit to which a participant is entitled is determined from the participant's account.

PLAN ADMINISTRATIVE EXPENSES

Plan administrative expenses are paid by Visteon and not charged to participants' accounts.

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DECEMBER 30, 2002 AND 2001

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### DISTRIBUTIONS

Distributions of benefits shall be made upon the occurrence of any one of the following:

- Retirement of the participant at age 65;
- Deferred retirement of the participant beyond age 65;
- In-service withdrawal of the participant at age 59-1/2;
- Total and permanent disability of the participant;
- Death of the participant; or
- Termination of employment

Benefits due upon death are paid in a lump sum and are based on vested amounts in the participants' accounts. Benefits due upon termination, retirement, withdrawal, or disability are paid in a lump sum or through installments payable monthly, quarterly, semi-annually, or annually and are based on vested amounts in the participants' accounts. In addition, terminated participants with benefits due in excess of \$3,500 may defer such benefits until age 65 or until age 70-1/2 in the event that employment termination occurred.

### INVESTMENT OPTIONS AND PARTICIPATION

Participant contributions are invested in accordance with the participant's election in one or more of several investment options available in the Plan. The more significant of these options are as follows:

The Visteon Stock Fund is a unitized stock fund investment in Visteon common stock with a portion of the fund's assets invested in short-term investments.

The Managed Income Portfolio II is a stable value fund that is a commingled pool of the Fidelity Group Trust for Employee Benefit Plans composed of high quality, fixed-income investments. The Portfolio may also purchase investment contracts issued by the insurance companies or banks. Exposure to any single issuer is capped at 5 percent. The Portfolio purchases money market units to provide daily liquidity.

The Fidelity Magellan Fund is a growth mutual fund that seeks capital appreciation. The fund invests in securities of domestic, foreign, and multinational issuers, however not more than 40 percent of the fund's assets may be invested in companies operating exclusively in any one foreign country.

The Fidelity Government Fund seeks to provide a high level of current income consistent with preservation of principal. The Fund normally invests at least 65 percent of total assets in US government securities. The Fund is managed to have similar overall interest rate risk to the Lehman Brothers Government Bond Index. Because the fund can invest in securities with any maturity, it has the potential for higher yields than a money market fund but also carries a higher degree of investment risk. Investments in the Fund are not guaranteed or insured by the US government or by the FDIC.

VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 30, 2002 AND 2001

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Details of investments held as of December 30, 2002 are set forth in the Schedule of Assets (Held at End of Year).

TRANSFERS OF ASSETS

The Plan permits the transfer of assets among investment options, with certain restrictions related to transfers to T. Rowe Price Funds and Scudder Funds.

PARTICIPANT LOANS

Participants may borrow from the Plan in amounts beginning with a minimum amount of \$1,000, up to a maximum amount not to exceed the lesser of: (a) \$50,000, or (b) 50% of their vested account balances, at an interest rate equal to the annual prime rate as published by the Wall Street Journal. Repayment of any loan is made through employee payroll deductions not less frequently than once per calendar quarter.

ADMINISTRATION

The Plan administrator is responsible for general administration of the Plan for the exclusive benefit of the Plan participants and their beneficiaries, subject to the specific terms of the Plan. Assets of the Plan and related investments are administered by Fidelity Management Trust Company (the "Trustee"). It is the trustee's responsibility to invest Plan assets and to distribute benefits to participants. The Trustee is also responsible for daily administration of Plan activity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Plan are prepared under the accrual method of accounting.

INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan investments are stated at fair value as determined by the Trustee. Purchases and sales are recorded on the trade-date basis.

Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis.

CONTRIBUTIONS

Contributions to the Plan from employees are recorded in the period that payroll deductions are made from participants.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial

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statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

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VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 30, 2002 AND 2001

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RISKS AND UNCERTAINTIES

The Plan's invested assets ultimately consist of stocks, bonds, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits and the statement of changes in net assets available for benefits.

3. MASTER TRUST (IN THOUSANDS)

All assets of the Plan are held by the Visteon Corporation Master Trust (the "Master Trust"). The Visteon Investment Plan also has all of its investments in the Master Trust. A summary of the assets of the Master Trust as of December 30, 2002 and 2001 is as follows:

	2002	2001
Investments, at fair value		
Common stock fund	\$ 32,924	\$ 57,384
Common and commingled trust funds	80,009	63,371
Mutual funds	128,858	117,155
	-----	-----
Total investments	241,791	237,910
Loans	6,124	4,158
	-----	-----
Total assets	\$ 247,915	\$ 242,068
	=====	=====

Interest and dividend income of the Master Trust for the year ended December 30, 2002 was \$5,144.

The net appreciation (depreciation) in fair value of Master Trust investments consists of realized gains or losses and the unrealized appreciation (depreciation) on those investments. During the year ended December 30, 2002 investments depreciated as follows:



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Mutual funds	\$ (25,631)
Common stock fund	(31,621)
Common and commingled trust funds	(1,910)
	-----
	\$ (59,162)
	=====

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VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 30, 2002 AND 2001

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The Plan investments and, in turn, the investments held by the Master Trust are generally directed by participants based on their elections. Allocation of the Master Trust to the participating plans as of December 30, 2002 and 2001 is as follows:

	2002	2001
EIN 38-3519512, Plan 005 - Visteon Investment Savings Plan for Hourly Employees	\$ 556	\$ 142
EIN 38-3519512, Plan 002 - Visteon Investment Plan	247,359	241,926
	-----	-----
	\$247,915	\$242,068
	=====	=====

4. INVESTMENTS

The following investments represent 5% or more of the Plan's net assets available for benefits at December 30, 2002 and 2001:

	2002	2001
Visteon Stock Fund, 20,111 and 2,734 units, respectively	\$ 82,856	\$ 24,856
Fidelity Fund, 284 units	*	8,
Fidelity Magellan Fund, 500 and 161 units, respectively	39,540	16,
Fidelity Growth and Income Portfolio, 216 units	*	8,
Fidelity Managed Income Portfolio II, 162,902 and 40,907 units, respectively	162,902	40,
Fidelity Government Income, 2,761 units	28,940	*
	=====	=====
	\$ 314,238	\$ 98,856

=====

\* Investments represents less than 5% of the Plan's net assets available for benefits.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the Plan's realized gains or losses and the unrealized appreciation (depreciation) on those investments. During 2002, the Plan's investments depreciated in value by \$72,113 as follows:

	2002
Mutual funds	\$ (28,256)
Common stock fund	(43,585)
Common and commingled trust funds	(272)
	-----
	\$ (72,113)
	=====

VISTEON INVESTMENT  
 SAVINGS PLAN FOR HOURLY EMPLOYEES  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 30, 2002 AND 2001

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5. RELATED PARTY TRANSACTIONS

Participants have the option to invest in the Visteon Stock Fund, which consists of investments in Visteon common stock. These transactions are exempt transactions with a party-in-interest.

6. TAX STATUS

The Plan obtained its latest determination letter on January 28, 2003, in which the Internal Revenue Service Stated that the plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code.

7. PLAN TERMINATION

Visteon, by action of the Board of Directors, may terminate the Plan at any time. Termination of the Plan would not affect the rights of a participant as to the continuance of investment, distribution or withdrawal of the securities, cash and cash value of the Visteon Stock Fund units in the account of the participant as of the effective date of such termination. There are currently no plans to terminate the Plan.

8. SUBSEQUENT EVENTS

Beginning on May 1, 2003, Visteon modified the investment options available under the Plan. According to the new investment options, the following funds will replace the funds available at December 30, 2002:

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Fidelity Freedom Funds	Janus Adviser Capital Appreciation Fund
Domini Social Equity Fund	Vanguard Explorer Fund
Vanguard 500 Index Fund	Fidelity Diversified International Fund
American Century Equity Income Fund	T. Rowe Price International Discovery Fund
Baron Assets Fund	Templeton Developing Markets Trust
Clipper Fund	Templeton Foreign Fund
Fidelity Contrafund	Templeton Foreign Smaller Companies Fund
Fidelity Dividend Growth Fund	BGI Bond Index Fund
Fidelity Growth & Income Portfolio	Fidelity Government Income Fund
Fidelity Growth Company Fund	PIMCO Global Bond Fund - Admin Class
Fidelity Low Priced Stock Fund	PIMCO Real Return Bond Fund
PIMCO Total Return III Fund	T. Rowe Price High Yield Fund

The Visteon Stock Fund, Common Stock Fund and Managed Income Portfolio II Fund will remain as an investment option of the plan.

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VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
AS OF DECEMBER 30, 2002

SCHEDULE I

(a)	(b)	(c)
IDENTITY OF ISSUER, LESSOR, BORROWER OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	
*	Fidelity Investments	Scudder International Fund, 11,193 units
*	Fidelity Investments	Domini Social Equity, 5,578 units
*	Fidelity Investments	T. Rowe Price Spectrum Income, 45,831 units
*	Fidelity Investments	T. Rowe Price Horizons, 97,244 units
*	Fidelity Investments	T. Rowe Price International Stock, 16,665 units
*	Fidelity Investments	T. Rowe Price International Discovery, 100,069 units
*	Fidelity Investments	Scudder Income S, 199,908 units
*	Fidelity Investments	T. Rowe Price New Asia, 144,910 units
*	Fidelity Investments	Scudder Growth & Inc, 344,275 units
*	Fidelity Investments	T. Rowe Price High Yield, 112,046 units
*	Fidelity Investments	T. Rowe Price New Era, 2,300 units
*	Fidelity Investments	The Japan Fund S, 33,595 units
*	Fidelity Investments	Vanguard LS Conserv Growth, 10,660 units
*	Fidelity Investments	Vanguard LD Moderate Growth, 48,091 units
*	Fidelity Investments	Vanguard LS Growth, 9,506 units
*	Fidelity Investments	Vanguard 500 Index, 164,280 units
*	Fidelity Investments	Vanguard Value Index, 28,629 units
*	Fidelity Investments	Vanguard Growth Index, 23,542 units
*	Fidelity Investments	Vanguard Explorer, 300,473 units
*	Fidelity Investments	Vanguard International Value, 12,984 units
*	Comerica Bank, NA	Common Stock Fund, 1,621,986 units
*	Barclays Global Investors	Bond Fund, 1,205,150 units
*	Visteon Corporation	Visteon Stock Fund, 21,110,743 units
*	Fidelity Investments	Fidelity Fund, 743,790 units

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*	Fidelity Investments	Fidelity Puritan, 457,413 units
*	Fidelity Investments	Fidelity Trend, 124,676 units
*	Fidelity Investments	Fidelity Magellan, 500,763 units
*	Fidelity Investments	Fidelity Contrafund, 113,846 units
*	Fidelity Investments	Fidelity Equity Inc., 385,079 units
*	Fidelity Investments	Fidelity Growth Co, 335,157 units
*	Fidelity Investments	Fidelity Invest Gr Bd, 908,115 units
*	Fidelity Investments	Fidelity Growth & Inc, 389,585 units
*	Fidelity Investments	Fidelity Value, 391,695 units
*	Fidelity Investments	Fidelity Government Income, 2,761,432 units
*	Fidelity Investments	Fidelity Independence Fd, 173,307 units
*	Fidelity Investments	Fidelity Overseas, 147,792 units
*	Fidelity Investments	Fidelity Europe, 28,372 units
*	Fidelity Investments	Fidelity Real Estate, 862,175 units
*	Fidelity Investments	Fidelity Balanced, 247,630 units
*	Fidelity Investments	Fidelity International Gr & Inc., 369,051 units
*	Fidelity Investments	Fidelity Cap Appreciation, 124,836 units
*	Fidelity Investments	Fidelity Canada, 28,695 units

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VISTEON INVESTMENT  
SAVINGS PLAN FOR HOURLY EMPLOYEES  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
AS OF DECEMBER 30, 2002

SCHEDULE I

(a)	(b)	(c)
IDENTITY OF ISSUER, LESSOR, BORROWER OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	C
*	Fidelity Investments	Fidelity Utilities, 104,659 units
*	Fidelity Investments	Fidelity Asset Manager, 77,828 units
*	Fidelity Investments	Fidelity Stk Selectr, 67,701 units
*	Fidelity Investments	Fidelity Asset Manager Growth, 837,888 units
*	Fidelity Investments	Fidelity Asset Manager Income, 97,446 units
*	Fidelity Investments	Fidelity Dividend Growth, 130,020 units
*	Fidelity Investments	Fidelity New Market Income, 300,035 units
*	Fidelity Investments	Fidelity Global Balance, 105,689 units
*	Fidelity Investments	Fidelity Small Cap Independence, 254,757 units
*	Fidelity Investments	Fidelity Managed Income Portfolio II, 162,902,260 units
	Participant loans	Outstanding participant loan balance

\* Denote party-in-interest.

\*\* Not required per Department of Labor requirements.

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VISTEON INVESTMENT

SCHEDULE II

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SAVINGS PLAN FOR HOURLY EMPLOYEES  
 SCHEDULE OF REPORTABLE TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 30, 2002

IDENTITY OF PARTY INVOLVED	DESCRIPTION OF ASSET	PURCHASE PRICE	SELLING PRICE	LEASE RENTAL	EXPENSES INCURRED
REPORTING CRITERION I	Single transactions in excess of five percent of current value of plan assets. None.				
REPORTING CRITERION II	Series of transactions in other than securities in excess of five percent of current value of plan assets None.				
REPORTING CRITERION III	Series of transactions in securities in excess of five percent of current value of plan assets None.				
REPORTING CRITERION IV	Single transactions with a nonregulated entity in excess of five percent of current value of plan assets. None.				

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EXHIBIT INDEX

Exhibit Number -----	Exhibit Name -----
23	Consent of PricewaterhouseCoopers LLP
99	Certification of Periodic Financial Reports