

VISTEON CORP
Form DEF 14A
March 30, 2004

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

SCHEDULE 14A

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

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

Preliminary proxy statement

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

Definitive proxy statement

Definitive additional materials

Soliciting material pursuant to §240.14a-12

Visteon Corporation

(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (check the appropriate box):

No fee required.

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

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

(2) Aggregate number of securities to which transaction applies:

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

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(1) Amount Previously Paid:

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(4) Date Filed:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE: WEDNESDAY, MAY 12, 2004
TIME: 11:00 AM EASTERN DAYLIGHT TIME
LOCATION: HOTEL DU PONT
11th & MARKET STREETS
WILMINGTON, DELAWARE USA

To Visteon Stockholders,

We invite you to attend our 2004 Annual Meeting of Stockholders at the Hotel du Pont. At this meeting, you and the other stockholders will be able to vote on the following proposals, together with any other business that may properly come before the meeting:

1. *Elect four directors to the Board of Directors for three-year terms.* The Board has nominated for re-election Steven K. Hamp, Michael F. Johnston, Karl J. Krapek and Robert M. Teeter, all current directors.
2. *Ratify the appointment of PricewaterhouseCoopers LLP as the company's independent auditors for fiscal year 2004.* PricewaterhouseCoopers LLP served in this same capacity in fiscal 2003.
3. *Approve the Visteon Corporation 2004 Incentive Plan, as amended and restated.*
4. *Approve the Visteon Corporation Non-Employee Director Stock Unit Plan.*
5. *If presented, consideration of a shareholder proposal relating to the adoption of a stockholder rights plan.*
6. *If presented, consideration of a shareholder proposal relating to the adoption of a code for the company's international operations.*
7. *If presented, consideration of a shareholder proposal relating to voting leverage.*

You may vote on these proposals in person or by proxy. If you cannot attend the meeting, we urge you to vote by proxy, so that your shares will be represented and voted at the meeting in accordance with your instructions. (See the attached proxy statement for details on voting by proxy.) Of course, if you attend the meeting, you may withdraw your proxy and vote your shares. Only stockholders of record at the close of business on March 15, 2004, will be entitled to vote at the meeting or any adjournment thereof.

By order of the Board of Directors

STACY L. FOX
Secretary

Dearborn, Michigan
March 30, 2004

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VISTEON CORPORATION

**17000 Rotunda Drive
Dearborn, Michigan 48120**

PROXY STATEMENT

March 30, 2004

INTRODUCTION

The Board of Directors is soliciting your proxy to encourage your participation in the voting at the Annual Meeting. You are invited to attend the Annual Meeting and vote your shares directly. However, even if you do not attend, you may vote by proxy. As shown in the Notice of Annual Meeting, the Annual Meeting will be held on Wednesday, May 12, 2004, at the Hotel du Pont in Wilmington, Delaware. Directions to the Hotel du Pont can be found in Appendix D.

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

This proxy statement and accompanying proxy are being distributed on or about March 30, 2004.

VOTING

How to Vote Your Shares

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

Complete and mail the enclosed proxy card.

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

Visit the website listed on the enclosed proxy card and follow the instructions.

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

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

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How to Revoke Your Proxy

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

Notifying the company's Secretary in writing.

Submitting a later dated proxy by mail, toll-free number or the Internet.

Attending the Annual Meeting and voting. Your attendance at the Annual Meeting will not by itself revoke a proxy; you must also vote your shares.

How to Vote under 401(k) Plans

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

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

Stockholders Entitled to Vote and Ownership

You are entitled to one vote at the Annual Meeting for each share of the company's common stock that you owned of record at the close of business on March 15, 2004. As of March 1, 2004, the company had issued and outstanding 129,409,472 shares of common stock. Information regarding the holdings of the company's stock by directors, executive officers and certain other beneficial owners can be found beginning on page 8.

A list of the stockholders of record entitled to vote at the annual meeting will be available for review by any stockholder, for any purpose related to the meeting, between 9:00 a.m. and 5:00 p.m. at the principal offices of the company, located at 17000 Rotunda Drive, Dearborn, Michigan 48120, for ten days before the meeting.

Required Vote to Approve the Proposals

The company's By-Laws require that a majority of the company's common stock be represented at the Annual Meeting, whether in person or by proxy, for a quorum which is needed to transact any business.

Election of Directors. The affirmative vote of a plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked "Withhold authority" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

Other Proposals. For each proposal other than the election of directors, the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval. A properly executed proxy marked "Abstain" with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

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If you hold your shares in street name through a broker or other nominee and you do not give voting instructions at least ten days before the meeting to your broker or other nominee, then your broker or other nominee may exercise voting discretion only with respect to matters considered to be routine by the New York Stock Exchange, such as the election of directors and the ratification of the appointment of the independent auditors. On non-routine matters, such as the approval of the employee and director equity compensation plans and each of the shareholder proposals, the brokers or other nominees cannot vote your shares absent voting instructions from the beneficial holder, resulting in so-called broker non-votes. Broker non-votes are not deemed to be votes cast, and as a result have no effect on the outcome of any matters presented, but will be counted in determining whether there is a quorum.

Where to Find Voting Results

The company will publish the voting results in its Form 10-Q for the second quarter of 2004, which we plan to file with the Securities and Exchange Commission on or prior to August 9, 2004. You will also find the results in the investor information section of the company's website (www.visteon.com/investors).

Cost of Solicitation

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

ITEM 1. ELECTION OF DIRECTORS

The Board of Directors consists of ten directors divided into three classes (Class I, Class II and Class III) serving staggered three-year terms. The first proposal on the agenda for the Annual Meeting will be electing four directors to serve as Class I directors for a three-year term beginning at this Annual Meeting and expiring at the 2007 Annual Meeting of Stockholders. The nominees receiving the greatest number of votes cast will be elected.

We expect each nominee for election as a director to be able to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the remainder of those nominated and may be voted for substitute nominees, unless the Board chooses to reduce the number of directors serving on the Board.

Nominees for Class I Directors Whose Terms Expire in 2004

Steven K. Hamp is 55 years old, and he has been a director of the company since January 2001. Mr. Hamp is the President of The Henry Ford, a non-profit organization sponsoring historic exhibits, located in Dearborn, Michigan.

Michael F. Johnston is 56 years old, he has been the company's President and Chief Operating Officer since September 2000 and was elected to the company's Board of Directors in May 2002. Before that, Mr. Johnston was the President, e-business for Johnson Controls, Inc., President-North America and Asia of Johnson Control's Automotive Systems Group, and President of its automotive interior systems and battery operations. Mr. Johnston also serves as a director of Flowserve Corporation and Whirlpool Corporation.

Karl J. Krapek is 55 years old, and he has been a director of the company since February 2003. Mr. Krapek is the former President and Chief Operating Officer of United Technologies Corporation, a global supplier of aerospace and building systems products, a position he held from April 1999 to January 2002. Prior to that he served as President of United Technologies Pratt and Whitney division since 1992. Mr. Krapek also serves as a director of Lucent Technologies Inc., Prudential Financial, Inc. and The Connecticut Bank and Trust Company.

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Robert M. Teeter is 65 years old, and he has been a director of the company since June 2000. He is the President of Coldwater Corporation, a provider of consulting and research services, and serves as a director of the Bank of Ann Arbor, Kaydon Corporation and United Parcel Service, Inc.

The Board of Directors Recommends that You Vote for the Election of Steven K. Hamp, Michael F. Johnston, Karl J. Krapek and Robert M. Teeter as Directors.

Continuing Class II Directors Whose Terms Expire in 2005

Marla C. Gottschalk is 43 years old, and she has been a director of the company since March 2003. Ms. Gottschalk has been the President and Chief Operating Officer of The Pampered Chef, Inc., a direct seller of kitchen tools and products, since November 2003. Prior to that she was the Senior Vice President, Financial Planning and Investor Relations for Kraft Foods, Inc. since February 2002, and before that she served as Executive Vice President and General Manager of Kraft's Post Division, and Vice President, Marketing and Strategy for the Kraft Cheese Division.

William H. Gray, III is 62 years old, and he has been a director of the company since June 2000. Mr. Gray is the President and Chief Executive Officer of the United Negro College Fund, an educational assistance organization, and serves as a director of J.P. Morgan Chase Corporation, Dell Computer Corporation, Electronic Data Systems Corporation, Pfizer, Inc., The Prudential Insurance Company of America, Rockwell Automation, Inc. and Viacom, Inc. Mr. Gray has indicated his intention not to stand for re-election as a director of Electronic Data Systems Corporation and Viacom, Inc. when his current terms expire.

Robert H. Jenkins is 61 years old, and he has been a director of the company since June 2000. Mr. Jenkins is the former Chairman of the Board and Chief Executive Officer of Sundstrand Corporation, an aerospace and industrial company. Mr. Jenkins is also a director of AK Steel Holdings Corporation, Clarcor, Inc., Jason Incorporated, Sentry Insurance and Solutia, Inc.

Continuing Class III Directors Whose Terms Expire in 2006

Peter J. Pestillo is 66 years old, and he has been the company's Chairman of the Board and Chief Executive Officer since the company's formation in January 2000. Before June 30, 2000, Mr. Pestillo had been an employee of Ford Motor Company since 1980, serving most recently as Ford's Vice Chairman and Chief of Staff and Executive Vice President, Corporate Relations. Mr. Pestillo is also a director of Sentry Insurance.

Charles L. Schaffer is 58 years old, and he has been a director of the company since January 2001. Mr. Schaffer is the former Chief Operating Officer of United Parcel Service, Inc., a global provider of package delivery services.

Thomas T. Stallkamp is 57 years old, and he has been a director of the company since April 2002. Mr. Stallkamp is also a director of Baxter International Inc. and is the non-executive Chairman of the Board of MSX International, Inc. Prior to December 2003, he served as the Vice Chairman and Chief Executive Officer of MSX International, Inc., a global provider of engineering and specialized staffing services, since January 2000, and Vice Chairman of DaimlerChrysler Corporation and President of Chrysler Corporation, prior thereto.

CORPORATE GOVERNANCE

Meetings

During 2003, the Board of Directors held eleven regularly scheduled and special meetings and took action by written consent five times in lieu of additional meetings. All of the directors attended at least 75% of all meetings of the Board and Board committees on which they served during 2003. Under the company's Corporate Governance Guidelines, directors are expected to attend all scheduled Board and committee

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meetings as well as the company's Annual Meeting of Stockholders. All of the directors attended the 2003 Annual Meeting of Stockholders.

Pursuant to the Corporate Governance Guidelines, the non-employee directors meet without management at every other regularly scheduled Board meeting, and the independent directors meet without management at least once per year. The presiding director at these meetings is rotated among the committee chairpersons.

Director Independence

The Board undertook its annual review of director independence in March 2004. During this review, the Board adopted independence guidelines (attached as Appendix A), and considered transactions and relationships between each director and any member of his or her immediate family and the company and its subsidiaries and affiliates, including those reported in the Related Party Transactions section of this proxy statement. The purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that a director is independent.

As a result of this review, the Board affirmatively determined that all of the directors are independent of the company and its management under the independence guidelines adopted by the Board with the exception of Messrs. Pestillo and Johnston, who are considered inside directors because of their employment as senior executives of the company; Mr. Hamp because his brother-in-law is employed in an executive capacity by a company that exceeds the 2% business revenue threshold; and Mr. Teeter due to a consulting contract with the company.

Committees

The Board has established four standing committees. The principal functions of each committee are briefly described on the following pages. The charters of these committees are available on the company's website (www.visteon.com/investors), and paper copies are available upon request to the Company Secretary.

The Board of Directors has a standing Audit Committee, currently consisting of Charles L. Schaffer (Chairman), Marla C. Gottschalk, Robert H. Jenkins and Karl J. Krapek, all of whom are considered independent under the rules of the New York Stock Exchange, SEC regulations and the independence guidelines adopted by the Board. Each of the current members of the Audit Committee are qualified as a financial expert within the meaning of applicable SEC regulations, and the Board has determined that they have accounting and related financial management expertise within the meaning of the listing standards of the New York Stock Exchange. During 2003, the Audit Committee held nine regularly scheduled and special meetings. The duties of the Audit Committee are generally:

- to appoint and evaluate the independent auditor;
- to approve all audit and non-audit engagement fees and terms;
- to review the activities and the reports of the company's independent auditors;
- to review internal controls, accounting practices, financial structure and financial reporting, including the results of the annual audit and review of interim financial statements;
- to review and monitor compliance procedures; and
- to report the results of its review to the Board.

The Audit Committee Report can be found beginning on page 22.

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The Board also has a standing Organization and Compensation Committee, consisting of Robert H. Jenkins (Chairman), William H. Gray, III and Charles L. Schaffer, all of whom are considered independent under the rules of the New York Stock Exchange and the independence guidelines adopted by the Board. During 2003, the Organization and Compensation Committee held five regularly scheduled and special meetings. The duties of the Organization and Compensation Committee are generally:

to review and approve corporate goals and objectives relative to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance and set the Chief Executive Officer's compensation level based on this evaluation;

to review and approve executive compensation and incentive plans;

to approve the payment of cash performance bonuses and the granting of stock based awards to the company's employees, including officers; and

to review and recommend management development and succession planning.

The Organization and Compensation Committee Report can be found beginning on page 18.

The Board also has a standing Corporate Governance and Nominating Committee, consisting of William H. Gray, III (Chairman), Marla C. Gottschalk and Karl J. Krapek, all of whom are considered independent under the rules of the New York Stock Exchange and the independence guidelines adopted by the Board. During 2003, the Corporate Governance and Nominating Committee held five regularly scheduled and special meetings. The duties of the Corporate Governance and Nominating Committee are generally:

to develop corporate governance principles and monitor compliance therewith;

to review the performance of the Board as a whole;

to review and recommend to the Board compensation for outside directors;

to develop criteria for Board membership; and

to identify, review and recommend director candidates.

The Board also recently formed a Corporate Responsibility Committee. The first meeting of this committee is scheduled for July 2004 and its members will be appointed prior thereto. The duties of the Corporate Responsibility Committee generally will be:

to review and monitor the worldwide performance of the company as it affects the environment, employees, communities and customers; and

to develop recommendations to management to assist it in formulating and adopting policies, programs, practices and strategies concerning corporate citizenship and public policy matters.

Director Nomination Process

The Corporate Governance and Nominating Committee assesses all candidates, whether submitted by management or stockholders, and makes recommendations for election. Recommendations for election are based upon the nominee's intelligence, judgment, foresight, personal character, experience and achievements, and diversity of background and expertise, as compared to the present make-up of the Board. The Corporate Governance and Nominating Committee has the authority to retain independent consultants to assist with director recruitment. No independent consultants were retained during 2003, however, it is anticipated that the committee will retain such a consultant in 2004 to assist with identifying and assessing potential candidates. To date, candidates have been identified from individuals already known to the current directors or referred to the company as highly recommended candidates from other industry leaders.

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Each year, the Corporate Governance and Nominating Committee reviews all eligible director candidates, including incumbents. The Committee then decides, based upon the pool of eligible candidates and the number of vacancies to be filled, whom to recommend to the Board to be nominated for election that year. The full Board reviews the Committee's recommendations and approves the individuals to stand for election. This is the process that was used to identify and evaluate the current nominees standing for election that appear in this proxy statement.

The Corporate Governance and Nominating Committee welcomes stockholder recommendations of director candidates. Stockholders may suggest candidates for the consideration of the Committee by submitting their suggestions in writing to the company's Secretary, including the agreement of the nominee to serve as a director. In addition, the company's By-Laws contain a procedure for the direct nomination of director candidates by stockholders (see page 38), and any such nomination will also be automatically submitted to the Corporate Governance and Nominating Committee for consideration. No individuals were proposed as director candidates for this Annual Meeting by any stockholder.

Director Compensation

Directors who are not employees of the company receive directors' fees of \$40,000 per year plus an additional \$10,000 per year for each committee on which they serve and \$500 for each committee meeting they participate in. Beginning in 2004, Audit Committee members will receive \$1,000 for each audit committee meeting they participate in. Non-employee directors may elect to defer their compensation under the Visteon Corporation Deferred Compensation Plan for Non-Employee Directors, a nonqualified benefit plan, into a unit account. Amounts deferred into the unit account are allocated based on the price of the company's common stock at the time of deferral, and the value of this account is directly related to the performance of the company's common stock. In addition, the company reimburses its directors for expenses, including travel, they incur in connection with attending board and committee meetings. Directors are also eligible to participate in the company's Management Lease Car Program which offers favorable lease rates and includes all maintenance and insurance costs.

Annually, non-employee directors receive a grant of 3,000 shares of restricted common stock under the Visteon Corporation Restricted Stock Plan for Non-Employee Directors. The restrictions expire for one third of the shares each year following the year of grant. At this annual meeting, the company will be seeking your approval of a Non-Employee Director Stock Unit Plan pursuant to which non-employee directors will receive an annual award of stock units valued at \$10,000. Please see page 30 for additional information related to this plan.

To further link director and stockholder interests, the company has established stock ownership guidelines for non-employee directors. Each non-employee director has a goal to own 15,000 shares of common stock within five years of their appointment as a director.

Related Party Transactions

MSX International, Inc. provides contract staffing and master vendor services to the company. Thomas T. Stallkamp, a member of the company's Board of Directors, had served as the Chief Executive Officer of MSX International until December 2003. Visteon paid MSX International approximately \$13 million in 2003 for staffing services performed directly by MSX International. An additional \$68 million was paid to MSX International on a pass-through basis in connection with MSX International's role as master vendor on behalf of other suppliers and is not recognized as revenue by MSX International. Mr. Stallkamp currently serves as the non-executive Chairman of the Board of MSX International.

The company has also entered into a consulting agreement with Coldwater Corporation, effective July 1, 2003. Robert M. Teeter, a member of the company's Board of Directors, is the President and a shareholder of the Coldwater Corporation. Under this agreement, Mr. Teeter provides business planning and public policy advice. The current agreement expires June 30, 2004. The fees payable under this one-year contract are \$200,000 plus expenses.

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Stockholders interested in communicating directly with a committee chairperson or with the non-management directors as a group may do so as described on the company's website (www.visteon.com/investors), or by writing to the chairperson or non-management directors c/o of the Company Secretary, 17000 Rotunda Drive, Dearborn, Michigan 48120.

STOCK OWNERSHIP

The following contains information regarding the stock ownership of the nominees for election as directors, the directors continuing in office, the company's executive officers and beneficial owners of more than five percent of the company's voting securities.

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

In this proxy statement, unless otherwise noted, a person has sole voting and dispositive power for those shares shown as beneficially owned by him or her. The percentages shown in this proxy statement compare the person's beneficially owned shares with the total number of shares of the company's common stock outstanding on March 1, 2004 (129,409,472 shares).

Nominees, Continuing Directors and Executive Officers

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

Name	Common Stock Beneficially Owned	
	Number(1)(2)	Percent of Outstanding
Directors		
Marla C. Gottschalk	6,131	*
William H. Gray, III	12,634	*
Steven K. Hamp	36,365	*
Robert H. Jenkins	12,634	*
Michael F. Johnston	821,055	*
Karl J. Krapek	10,558	*
Peter J. Pestillo(3)	1,182,984	*
Charles L. Schaffer	31,762	*
Thomas T. Stallkamp	6,000	*
Robert M. Teeter	29,683	*
Daniel R. Coulson	243,100	*
James C. Orchard	266,196	*
Heinz Pfannschmidt	176,414	*
All Directors and Executive Officers as a Group (21 Persons)	3,563,160	2.7

* less than 1%.

(1) For non-employee directors the amounts shown include shares of common stock represented by Visteon stock units credited under the Deferred Compensation Plan for Non-Employee Directors. These shares may be deliverable after termination of board service. For

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executive officers the amounts shown include shares of common stock represented by Visteon stock units credited under the Visteon Investment Plan, the Visteon Savings Parity Plan and the Visteon Deferred Compensation Plan and are payable following termination of employment.

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(2) Also, included are shares of common stock which the following executive officers had a right to acquire ownership of pursuant to options granted by the company exercisable on or within 60 days after March 1, 2004: Mr. Pestillo (446,503 shares); Mr. Johnston (313,133 shares); Mr. Coulson (97,706 shares); Mr. Orchard (100,844 shares); and Dr. Pfannschmidt (76,719 shares).

(3) Mr. Pestillo has reported beneficial ownership of 7,837 shares of common stock owned by a family partnership.

Other Beneficial Owners

The company believes that the following table is an accurate representation of beneficial owners of more than 5% of any class of the company's voting securities. The table is based upon reports on Schedules 13G filed with the Securities and Exchange Commission or other information believed to be reliable.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Ownership	Percent of Class
Common Stock	Donald Smith & Co., Inc. East 80, Route 4, Suite 360 Paramus, NJ 07652	10,336,100 shares held with sole voting and dispositive power	8.0%

Section 16(a) Beneficial Ownership Reporting Compliance

There were no late filings during 2003.

Table of Contents**EXECUTIVE COMPENSATION**

This section provides summary information regarding the compensation of Peter J. Pestillo, Chairman and Chief Executive Officer; Michael F. Johnston, President and Chief Operating Officer; Daniel R. Coulson, Executive Vice President and Chief Financial Officer; James C. Orchard, Executive Vice President, Operations; and Dr. Heinz Pfannschmidt, Vice President and President, Europe and South America (the Named Executives).

This group of executive officers receives medical, group life insurance and other benefits that are available generally to all of the company's salaried employees. They also participate in the company's salaried employees' pension plan and receive certain other perquisites. Dr. Pfannschmidt is covered by an individual pension arrangement in Germany. In addition, these executive officers are eligible to defer their bonuses under the company's Deferred Compensation Plan. Amounts deferred into the Visteon stock fund of the plan are allocated based on the price of the company's common stock at the time of deferral, and the value of this account is directly related to the performance of the company's common stock.

Summary Compensation Table

The following table summarizes compensation information for the Named Executives for each of our past three fiscal years.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)(1)	Awards		Payouts	
					Restricted Stock Awards (\$)(2)	Securities Underlying Options/SARs	LTIP Payouts (\$)(3)	All Other Compensation (\$)(4)
Peter J. Pestillo	2003	1,170,466	0	169,254	1,994,304	500,000	352,000	0
Chairman and	2002	1,083,333	550,000	239,069	1,812,504	255,282	187,500	0
Chief Executive Officer	2001	1,000,000	0	129,600	1,500,000	164,474	176,812	60,000
Michael F. Johnston	2003	856,866	0	113,644	1,050,192	316,800	209,000	0
President and	2002	791,667	400,000	137,146	1,934,281	138,644	111,400	0
Chief Operating Officer	2001	737,500	0	75,644	890,625	97,657	104,982	610,000
Daniel R. Coulson(5)	2003	574,833	0	37,398	397,800	119,900	69,000	0
Executive Vice President	2002	527,500	185,000	47,116	386,256	54,401	36,800	0
and Chief Financial Officer	2001	468,750	0	35,749	293,750	32,210	34,626	28,122
James C. Orchard(6)	2003	639,633	0	29,392	534,378	111,300	84,100	0
Executive Vice President	2002	587,500	200,000	52,517	698,624	50,616	45,000	0
Operations	2001	239,583	0	25,000	644,100	45,000	17,651	200,000
Dr. Heinz Pfannschmidt(7)	2003	583,749	0	81,025	267,189	80,600	72,661	0
Vice President & President,	2002	472,951	150,000	70,559	414,984	29,780	32,568	0
Europe and South America	2001	66,470	0	15,000	303,000	45,000	2,078	350,000

(1)