

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, 2019

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

38-3519512

(State or other jurisdiction of incorporation or organization)

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

One Village Center Drive, Van Buren Township, Michigan

48111

(Address of principal executive offices)

(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:

Warrants, each exercisable for 1.4 shares of Common Stock at an exercise price of \$0.01 (expiring October 1, 2020)

(Title of class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 is a shell company (as defined in Rule 12b-2 of the Exchange 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, 2019 (the last business day of the most recently completed second fiscal quarter) was approximately \$1.6 billion.

As of February 14, 2020, the registrant had outstanding 28,019,360 shares of common stock.

**Document Incorporated by Reference**

Document  
2020 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 cockpit electronics and connected car solutions for the world's major vehicle manufacturers including Ford, Mazda, Renault/Nissan, General Motors, Volkswagen, Jaguar/Land Rover, Daimler, Honda and BMW. Visteon is a global leader in cockpit electronic products including digital instrument clusters, information displays, infotainment, head-up displays, telematics, SmartCore™ cockpit domain controllers, and the DriveCore™ advanced safety platform. Visteon is headquartered in Van Buren Township, Michigan, and has an international network of manufacturing operations, technical centers and joint venture operations, supported by approximately 11,000 employees, 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 outside of the U.S., primarily 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-displays systems incorporating larger, curved and complex displays and the consolidation of discrete electronic control units into a multi-core domain controller.
- *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 require a combination of sensors, radars, camera 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, Original Equipment Manufacturers ("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 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 and head-up displays.

Refer to Note 3, "Segment Information" in Item 8 of this Report for more information about the Company's reportable segment.

## The Company's Products

The Company designs and manufactures vehicle cockpit electronics components, modules and systems further described as follows:

### *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, including organic light-emitting diode ("OLED"), 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, craftsmanship 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 (OLED) displays. The Company offers a new generation of large, curved, complex displays 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 multi-display cockpit in the automotive industry.

### *Audio and Infotainment Systems*

The Company offers a range of infotainment solutions, including scalable Android infotainment for seamless connectivity including integration with Android Auto and Apple CarPlay technology for smartphone projection. Phoenix™, the company's display audio and embedded infotainment platform offers Linux-based embedded infotainment and Android embedded infotainment solutions. Phoenix embedded infotainment enables third-party developers to create apps easily through a software development kit and software simulation of the target hardware system. Additionally, Visteon provides an onboard artificial intelligence ("AI")-based voice assistant with natural language understanding - tailored for in-car use with the need for cloud connectivity.

### *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 windscreen. 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 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, in-vehicle middleware and a PC-based software to enable sensor fusion and 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 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. Visteon's updated DriveCore Studio development environment allows developers to leverage Microsoft's global, hyper-scale intelligent cloud solution to develop, test and validate autonomous driving algorithms.

### **The Company's Customers**

The Company's ultimate customers are global vehicle manufacturers including Ford, Mazda, Renault/Nissan, General Motors, Volkswagen, Jaguar/Land Rover, Daimler, Honda and BMW. Ford, Mazda and Renault/Nissan are the Company's largest ultimate customers and in 2019 accounted for sales of approximately 22%, 14% and 13%, respectively. In 2018 and 2017, Ford accounted for 26% and 28% of sales, respectively, Mazda accounted for 18% and 17% of sales in 2018 and 2017, respectively and Renault/Nissan accounted for 12% and 14% of sales for 2018 and 2017, respectively.

The Company typically negotiates product pricing on an annual basis with suppliers and OEMs. Any resulting price reductions are intended to take into account expected annual reductions in the overall cost 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.

### **The Company's Competition**

The automotive sector is concentrated, but operates under highly competitive conditions resulting from the globalized nature of the industry, high fixed costs and the resulting need for scale economies, market dynamics including share in mature economies and positioning in emerging economies and the low cost of switching for the end consumer. Accordingly, 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, LG Corporation, Nippon Seiki, Panasonic Corporation, Mobis, Innolux, Magneti Marelli, and Robert Bosch GmbH.

### **Anticipated Revenue from Awarded Programs ("ARAP")**

The Company's ARAP, previously referred to as backlog, is the estimated remaining cumulative awarded life-of-program sales. Several factors may change anticipated revenue from awarded programs; namely, new business wins, vehicle production volume changes, customer price reductions, currency exchange rates, component take rates by customers and short cycled or canceled platforms. The Company's ARAP was \$22.6 billion as of December 31, 2019.

The Company typically enters into customer agreements at the beginning of a vehicle life cycle with the intent to fulfill customer-purchasing requirements for the entire vehicle production life cycle. The vehicle life cycle typically includes the two to three year pre-production period and production for a term covering the life of such vehicle model or platform, generally between three to five years, although there is no guarantee that this will occur. The Company's customers make no firm commitments regarding volume and may terminate these agreements or orders at any time. Therefore, we believe that these arrangements do not represent firm orders.

### **The Company's Business is Seasonal and Cyclical**

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 traditionally is lower as new vehicle models enter production.

### **The Company's Workforce and Employee Relations**

The Company's workforce as of December 31, 2019 included approximately 11,000 persons, of which approximately 6,000 were salaried employees and 5,000 were hourly workers. Many of the Company's employees are members of industrial trade unions and confederations within their respective countries, including Europe, Asia and South America. Many of 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 and believes that its relationships with unionized employees are satisfactory.

### **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 3, "Segment Information," included in Item 8 "Financial Statements and Supplementary Data" of this Report. The attendant risks of the Company's international operations are primarily related to currency fluctuations, changes in local economic and political conditions and changes in laws and regulations. The following table presents the Company's sales and net property and equipment by geographic region as a percentage of such consolidated total amounts.

	Sales (a)			Property and Equipment, Net	
	Year Ended December 31			December 31	
	2019	2018	2017	2019	2018
United States	23 %	22 %	25 %	3%	3%
Mexico	1 %	2 %	2 %	17%	15%
Total North America	24 %	24 %	27 %	20%	18%
Portugal	20 %	19 %	16 %	22%	21%
Slovakia	8 %	8 %	9 %	10%	10%
Tunisia	2 %	3 %	3 %	2%	2%
France	2 %	2 %	3 %	1%	2%
Germany	— %	— %	— %	1%	1%
Other Europe	1 %	1 %	1 %	2%	2%
Intra-region eliminations	— %	— %	— %	—%	—%
Total Europe	33 %	33 %	32 %	38%	38%
China Domestic	18 %	14 %	12 %		
China Export	9 %	10 %	12 %		
Total China	27 %	24 %	24 %	21%	22%
Japan	13 %	17 %	16 %	5%	5%
India	4 %	4 %	3 %	8%	8%
Thailand	2 %	2 %	2 %	2%	3%
Korea	— %	— %	— %	—%	—%
Intra-region eliminations	— %	— %	— %	—%	—%
Total Other Asia-Pacific	19 %	23 %	21 %	15%	16%
South America	3 %	3 %	2 %	6%	6%
Inter-region eliminations	(6)%	(7)%	(6)%	—%	—%
	100 %	100 %	100 %	100%	100%

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

### 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. All of the materials used are generally available from numerous sources. In general, the Company does not carry inventories of raw materials in excess of those reasonably required to meet production and shipping schedules. As of December 31, 2019, the Company had not experienced significant shortages of raw materials. The Company monitors its supply base and endeavors to work with suppliers and customers to attempt to mitigate the impact of potential material shortages and supply disruptions. While the Company does not anticipate any significant interruption in the supply of raw materials, there can be no assurance that sufficient sources or amounts of all necessary raw materials will be available 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](http://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 foregoing documents 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](mailto: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.

#### **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 in 2019, the automotive industry experienced decreased global customer sales and production schedules. Compared to 2018, vehicle production in 2019 decreased by 8% in China, 4% in the Americas, 4% in Europe and 6% globally. As a result, the Company has experienced and may continue to experience reductions in orders from OEM customers in certain regions.

#### **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 countries, including Mexico, Europe, South America and Asia. 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 U.S. 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. For instance, recent government changes in Mexico have resulted in potential increases in minimum wages. Moreover, the ongoing coronavirus outbreak emanating from China has resulted in increased travel restrictions and extended shutdown of certain businesses in the region. 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 and its predecessor agreement, the North American Free Trade 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 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 and the Company's profitability and financial condition.

The United Kingdom's ("U.K.") exit from the European Union ("E.U."), commonly referred to as "Brexit," has triggered market volatility and uncertainty. Continued uncertainty of failure to achieve an organized transition may adversely affect European and worldwide economic and market conditions, including vehicle production, significantly reduce global market liquidity and 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. The Company does not have any manufacturing facilities in the U.K. and the Company's technical centers in the U.K. employ less than 3% of its engineering resources. While the Company's annual sales in the U.K. were only 4%, the potential impacts of Brexit could adversely impact other global economies, and in particular, the European economy, a region which accounted for approximately 33% of the Company's total net sales for the year ended December 31, 2019. 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 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.

**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.

**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.

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.

**The discontinuation or loss of business, or lack of commercial success, with respect to a particular vehicle model 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, it is possible that customers could elect to manufacture components internally that are currently produced by outside suppliers, such as the Company. The discontinuation of, the loss of business with respect to or a lack of commercial success of a particular vehicle model for 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 could be negatively impacted by the distress of its supplier 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. In addition, certain materials and components used by the Company are in high demand but of limited availability. As a result, the Company is dependent on single or limited sources of supply for certain components used in the manufacture of its products. The Company selects its suppliers based on total value (including price, delivery and quality), taking into consideration production capacities and financial condition. However, there can be no assurance that strong demand, capacity limitations or other problems experienced by the Company's suppliers will not result in occasional shortages or delays in the supply of components. If the Company were to experience a significant or prolonged shortage of critical components from any of its suppliers, particularly those who are sole sources, and could not procure the components from other sources, the Company would be unable to meet its production schedules for some of its key products or to ship such products to its customers in a timely fashion, which would adversely affect sales, margins and customer relations. Furthermore, unfavorable economic or industry conditions could result in financial distress within the Company's supply base, thereby increasing the risk of supply disruption. Although market conditions generally have improved in recent years, uncertainty remains and another economic downturn or other unfavorable industry conditions in one or more of the regions in which the Company operates could cause a supply disruption and thereby adversely affect the Company's financial condition, operating results and cash flows.

**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%, 26% and 28% of sales in 2019, 2018 and 2017, respectively. Accordingly, any change in Ford's vehicle production volumes may have a significant impact on the Company's sales volume and profitability.

**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.

**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 financial condition, operating results 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.

**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 and 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 and results of operations and financial condition.

**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'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 14, "Employee Benefit Plans" in Item 8 of this report.

**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 regularly are 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.**

Visteon's emergence from bankruptcy in 2010 resulted in a change of ownership within the meaning of Internal Revenue Code ("IRC") Sections 382 and 383, causing the use of Visteon's pre-emergence U.S. federal net operating loss ("NOL") and various other tax attributes to be limited in the post-emergence period. However, NOLs and other tax attributes generated in the post-emergence period are generally not limited by the emergence from bankruptcy, but could be limited if there is a subsequent change of ownership. If the Company were to have another change of ownership within the meaning of IRC Sections 382 and 383, its post-emergence NOL and other tax attributes could be limited to an amount equal to its market capitalization at the time of the subsequent 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 include, but are not limited to, a corporate income 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 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. The Company reflected the necessary provisional impact of the Act in our financial statements for 2017, the year of enactment. Since then, the Company has continued to examine the impact the Act may have on its business and has not identified any material adjustments to the previously recorded provisional amounts. The Company urges its shareholders to consult with their legal and tax advisors with respect to the Act and the potential tax consequences of investing in our common stock.

**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.

**The Company could be negatively impacted by the distress of its supplier 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. In addition, certain materials and components used by the Company are in high demand but of limited availability. As a result, the Company is dependent on single or limited sources of supply for certain components used in the manufacture of its products. The Company selects its suppliers based on total value (including price, delivery and quality), taking into consideration production capacities and financial condition. However, there can be no assurance that strong demand, capacity limitations or other problems experienced by the Company's suppliers will not result in occasional shortages or delays in the supply of components. If the Company were to experience a significant or prolonged shortage of critical components from any of its suppliers, particularly those who are sole sources, and could not procure the components from other sources, the Company would be unable to meet its production schedules for some of its key products or to ship such products to its customers in a timely fashion, which would adversely affect sales, margins and customer relations. Furthermore, unfavorable economic or industry conditions could result in financial distress within the Company's supply base, thereby increasing the risk of supply disruption. Although market conditions generally have improved in recent years, uncertainty remains and another economic downturn or other unfavorable industry conditions in one or more of the regions in which the Company operates could cause a supply disruption and thereby adversely affect the Company's financial condition, operating results and cash flows.

**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.

**The Company may incur significant restructuring charges.**

The Company has taken, and expects to take, restructuring actions to realign its engineering skillset and to realign and resize its production capacity and cost structure to meet current and projected operational and market requirements. 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.

**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.

**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, Japanese Yen, and Chinese Renminbi. While the Company employs financial instruments to hedge transactional foreign exchange exposure, including multi-year contracts, exchange rates are difficult to predict and such actions may not insulate the Company' completely 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.

**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, 2019, the Company and its consolidated subsidiaries owned or leased approximately:

- 30 corporate offices, technical and engineering centers and customer service centers in fourteen countries around the world, of which all were leased.
- 14 Electronics manufacturing and/or assembly facilities in Mexico, Portugal, Russia, Slovakia, Tunisia, India, Japan, China, Thailand and Brazil, of which 11 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 23, "Commitments and Contingencies" of Part II, Item 8, "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, 2020:

Name	Age	Position
Sachin S. Lawande	52	Director, President and Chief Executive Officer
William M. Robertson	58	Vice President and Interim Chief Financial Officer
Sunil K. Bilolikar	58	Senior Vice President, Manufacturing Operations and Supply Chain
Matthew M. Cole	50	Senior Vice President, Product Delivery
Jochen Ladwig	46	Senior Vice President, Global Quality and Procurement
Brett D. Pynnonen	51	Senior Vice President and General Counsel
Jerome J. Rouquet	52	Senior Vice President, Finance
Markus J. Schupfner	50	Senior Vice President and Chief Technology Officer
Kristin E. Trecker	54	Senior Vice President and Chief Human Resources Officer
Robert R. Vallance	59	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 DXC Technology Company.

William M. Robertson has been Visteon's Vice President and interim Chief Financial Officer since November 2019. Prior to that, he served as the Company's Vice President and Treasurer from August 2018 until his departure from the Company in June 2019; Vice President, Operations Finance & IR from October 2016 to August 2018; Corporate Controller from June 2015 to October 2016; and interim Chief Financial Officer from March 2016 to October 2016. Prior to June 2015, Mr. Robertson was Director, Corporate Finance since 2003; Manager, Corporate Finance since April 2001, and Operations Manager since joining the Company in May 2000.

Sunil K. Bilolikar has been Visteon's Senior Vice President, Manufacturing Operations and Supply Chain since January 2020 and Senior Vice President, Operations and Purchasing from December 2016 to December 2019. Prior to that, he was Group Vice President, Operations and Purchasing since July 2014, Global Director, Operations and Purchasing from January 2012 to June 2014, Global Director, Operations from 2005 to 2012. During his career with Visteon and Ford Motor Company, he has held several engineering and operations leadership positions in the U.S., Canada, India, Portugal and Germany.

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.

Jerome J. Rouquet has been Visteon's Senior Vice President, Finance since joining the Company 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.

Markus J. Schupfner has been Visteon's Senior Vice President and Chief Technology Officer since December 2016. Prior to that, he was Vice President and Chief Technology Officer since joining the Company in April 2016. Before joining Visteon he was Executive Vice President of Operations at Elektrobit Automotive GmbH, a supplier of embedded software solutions and services, since February 2014, and from November 2009 to January 2014, he was Elektrobit's Vice President, Infotainment Solutions. Prior to that, he served as Vice President of Navigation for the Infotainment Division of Harman International Industries and held director-level roles at Siemens VDO and Siemens.

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 14, 2020, the Company had 28,019,360 shares of its common stock, \$0.01 par value per share, outstanding, which were owned by 3,607 shareholders of record.

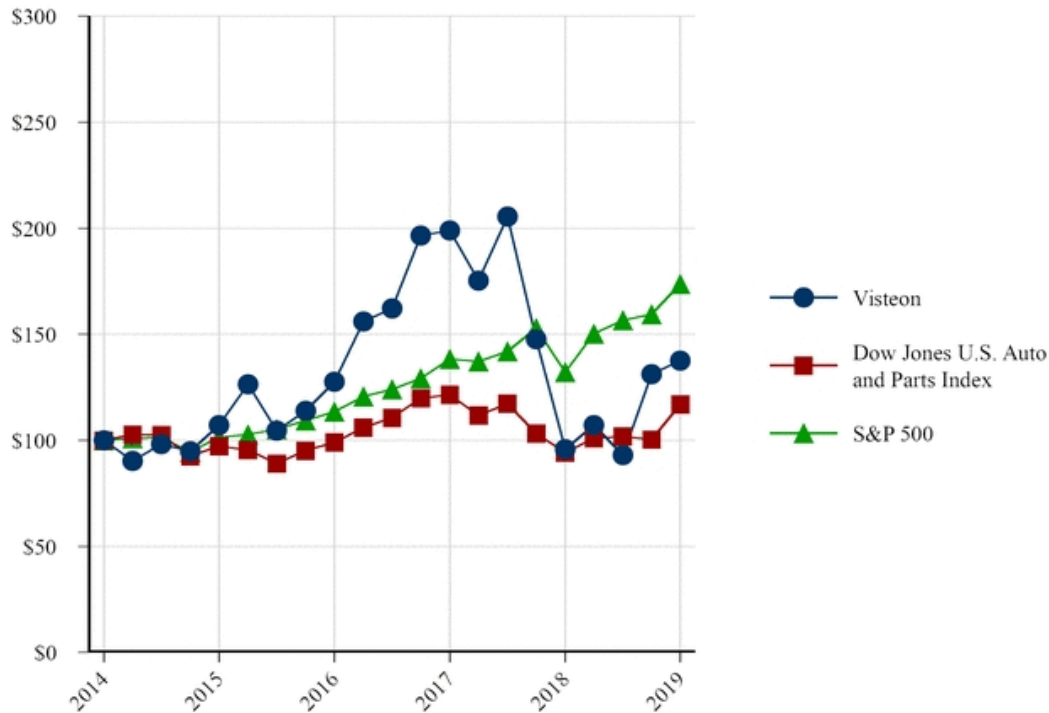
No dividends were paid by the Company on its common stock during the years ended December 31, 2019 and 2018. The Company's Board evaluates the Company's dividend policy based on all relevant factors. The Company's credit agreements limit the amount of cash payments for dividends that may be made. Additionally, the ability of the Company's subsidiaries to transfer assets is subject to various restrictions, including regulatory requirements and governmental restraints. Refer to Note 16, "Stockholders' Equity and Non-controlling Interests," in Item 8 of this Report.

No shares of the Company's common stock were made by or on behalf of the Company, or an affiliated purchaser during the fourth quarter of 2019.

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, 2014, through December 31, 2019, 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, 2014, 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, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Visteon Corporation	\$100.00	\$107.15	\$127.71	\$198.92	\$95.82	\$137.64
Dow Jones U.S. Auto & Parts Index	\$100.00	\$97.26	\$99.06	\$121.50	\$94.24	\$116.97
S&P 500	\$100.00	\$101.37	\$113.49	\$138.26	\$132.19	\$173.80

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

The following statement of operations, statement of cash flows and balance sheet data were derived from the Company's consolidated financial statements for the years ended December 31, 2019, 2018, 2017, 2016 and 2015. This information should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" in this Report.

	Year Ended December 31 2019	Year Ended December 31 2018	Year Ended December 31 2017	Year Ended December 31 2016	Year Ended December 31 2015
(Dollars in Millions, Except Per Share Amounts)					
<b>Statement of Operations Data:</b>					
Net sales	\$ 2,945	\$ 2,984	\$ 3,146	\$ 3,161	\$ 3,245
Net income from continuing operations	82	173	175	131	42
Net income (loss) from discontinued operations, net of tax	(1)	1	17	(40)	2,286
Net income attributable to Visteon Corporation	\$ 70	\$ 164	\$ 176	\$ 75	\$ 2,284
<b>Basic earnings (loss) per share</b>					
Continuing operations	\$ 2.53	\$ 5.53	\$ 5.03	\$ 3.28	\$ 0.52
Discontinued operations	(0.04)	0.03	0.54	(1.14)	53.48
Basic earnings per share attributable to Visteon Corporation	<u>\$ 2.49</u>	<u>\$ 5.56</u>	<u>\$ 5.57</u>	<u>\$ 2.14</u>	<u>\$ 54.00</u>
<b>Diluted earnings (loss) per share</b>					
Continuing operations	\$ 2.52	\$ 5.49	\$ 4.94	\$ 3.25	\$ 0.51
Discontinued operations	(0.04)	0.03	0.53	(1.13)	52.12
Diluted earnings per share attributable to Visteon Corporation	<u>\$ 2.48</u>	<u>\$ 5.52</u>	<u>\$ 5.47</u>	<u>\$ 2.12</u>	<u>\$ 52.63</u>
<b>Balance Sheet Data:</b>					
Total assets	\$ 2,271	\$ 2,007	\$ 2,304	\$ 2,373	\$ 4,681
Total debt, excluding held for sale	\$ 385	\$ 405	\$ 393	\$ 382	\$ 383
Total Visteon Corporation stockholders' equity	\$ 480	\$ 465	\$ 637	\$ 586	\$ 1,057
<b>Statement of Cash Flows Data:</b>					
Cash provided from operating activities	\$ 183	\$ 204	\$ 215	\$ 116	\$ 338
Cash provided from (used by) investing activities	\$ (128)	\$ (98)	\$ (173)	\$ 302	\$ 2,358
Cash used by financing activities	\$ (49)	\$ (335)	\$ (234)	\$ (2,262)	\$ (774)

### Year Ended December 31, 2019

On January 1, 2019 the Company adopted Accounting Standards Update ("ASU") 2016-02, "Leases (Subtopic 842)." The standard increases the transparency and comparability of organizations by recognizing right-of-use ("ROU") assets and lease liabilities on the consolidated balance sheets. Adoption of the new standard resulted in the recording of additional net lease assets and lease liabilities of approximately \$172 million and \$176 million, respectively, as of January 1, 2019.

### Year Ended December 31, 2018

In 2018, the Company purchased a total of 2,805,531 shares of Visteon common stock at an average price of \$106.92 for an aggregate purchase amount of \$300 million pursuant to various programs with third-party financial institutions.

### Year Ended December 31, 2017

On December 1, 2017, the Company completed an asset sale related to an Electronics facility in France to a third party (the "France Transaction"). In connection with the France Transaction, the Company recorded pre-tax losses of approximately \$33 million including a cash contribution of \$13 million, long-lived asset impairment charges of \$13 million and other working capital and transaction related impacts of \$7 million.

*Year Ended December 31, 2016*

On December 1, 2016, the Company completed the sale of its Interiors operations in Argentina and Brazil, incurring a loss of \$19 million representing the final working capital cash contribution and related contractual obligations, completing the Interiors Divestiture.

During the fourth quarter of 2016, the Company sold its South Africa climate operations and recorded a loss of \$11 million related to foreign currency translation amounts previously recorded in accumulated other comprehensive loss.

On December 9, 2015, the Company declared a special distribution of \$43.40 per share of its common stock outstanding as of January 15, 2016, or approximately \$1.75 billion in the aggregate. As of December 31, 2018 the total distribution has been paid.

*Year Ended December 31, 2015*

On June 9, 2015, Visteon completed the sale of all of its shares of Halla Visteon Climate Control Corporation, a Korean corporation ("HVCC"). The Company received net cash proceeds of approximately \$2.7 billion and recognized a pretax gain of approximately \$2.3 billion in connection with the closing of the Climate Transaction in the second quarter of 2015.

On December 1, 2015, Visteon completed the Germany Interiors Divestiture. The Company recognized a pretax loss on divestiture of \$105 million during the year ended December 31, 2015, related to foreign currency translation and pension benefit plan amounts previously recorded in accumulated other comprehensive loss in 2015. Although the divestiture represented a continuation of the Company's exit from the Interiors business, the divestiture was not considered a strategic shift given the size of the operations representing \$86 million in 2015 sales. Therefore, the operations did not qualify for discontinued operations presentation and operating results prior to the sale were classified within Other as continuing operations.

## 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 "Financial Statements and Supplementary Data" of this Report.

### Executive Summary

#### Strategic Priorities

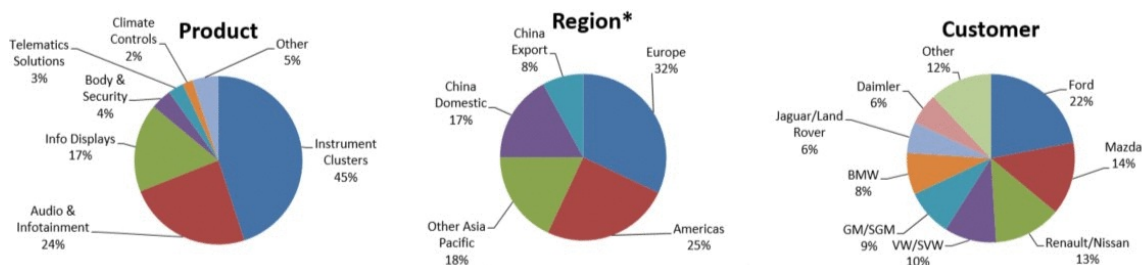
Visteon Corporation (the "Company" or "Visteon") is a global automotive supplier that designs, engineers and manufactures innovative cockpit electronics and connected car solutions for the world's major vehicle manufacturers. The cockpit electronics market is expected to grow faster than underlying vehicle production volumes as the cockpit 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 and the development of the DriveCore™ advanced safety platform positions Visteon to support these macro trends in automotive.
- **Long-Term Growth and Margin Expansion** - Visteon has continued to win an elevated level of business 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 one time \$1.75 billion special dividend in 2016. The Company has \$380 million of remaining authorization from the Board of Directors. This authorization is in place through the end of 2020.

#### Financial Results

The pie charts below highlight the sales breakdown for Visteon for the year ended December 31, 2019.



\*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 2019 global light vehicle production decreased 5.6% over the same period last year with declines across all regions from 2018.

Light vehicle production levels for 2019 and 2018 by geographic region are provided below (units in millions):

	Light Vehicle Production		
	2019	2018	Change
Global	88.9	94.2	(5.6)%
China	24.7	26.8	(8.1)%
Other Asia-Pacific	21.5	22.4	(3.8)%
Europe	21.1	22.0	(4.0)%
Americas	19.6	20.4	(3.9)%
Other	2.0	2.6	(22.3)%

Source: IHS Automotive

Global production volumes are expected to continue to decline year over year in the first half of 2020, particularly in China, Europe, and Other Asia-Pacific, as these regions continue to face macroeconomic uncertainties and increased regulations. In China, production volumes are expected to decline as a result of continued low consumer confidence, continued uncertainty around the trade dispute with the U.S. and the potential impact of the coronavirus outbreak. Increased emissions regulations are expected to adversely impact industry production volumes in Europe and India. North America is expected to increase slightly in the first half of the year, but certain key customers are forecasted to decline on a year over year basis as they continue to shift from sedans to sport utility vehicles and due to downtime associated with model year changeovers.

Significant highlights of the Company's results for the year ended December 31, 2019, include the following.

- The Company recorded sales of \$2,945 million representing a decrease of \$39 million compared with the year ended December 31, 2018.
- Gross margin was \$324 million or 11.0% of sales for the year ended December 31, 2019, compared to \$411 million or 13.8% of sales for the same period of 2018.
- Net income attributable to Visteon was \$70 million for the year ended December 31, 2019, compared to net income of \$164 million for the same period of 2018.
- Total cash was \$469 million, including \$3 million of restricted cash as of December 31, 2019, \$2 million higher than \$467 million, including \$4 million of restricted cash as of December 31, 2018.
- In the fourth quarter of 2019, the Company's sales growth, excluding currency and acquisitions, as compared to 2018, outperformed the market by 7%.

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
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)
Provision for income taxes	(24)	(43)	19
Net income from continuing operations	82	173	(91)
Net income (loss) from discontinued operations, net of tax	(1)	1	(2)
Net income	81	174	(93)
Net income attributable to non-controlling interests	(11)	(10)	(1)
Net income attributable to Visteon Corporation	\$ 70	\$ 164	\$ (94)
Adjusted EBITDA*	\$ 234	\$ 330	\$ (96)

\* Adjusted EBITDA is a Non-GAAP financial measure, as defined in Note 3.

## Results of Operations - 2019 Compared with 2018

### Sales and Cost of Sales

(In millions)	Sales	Cost of Sales
December 31, 2018	\$ 2,984	\$ (2,573)
Volume, mix, and net new business	22	(91)
Currency	(59)	47
VFAE consolidation	38	(32)
Customer pricing, net	(71)	—
Engineering costs, net*	—	(21)
Cost performance, design changes and other	31	49
December 31, 2019	\$ 2,945	\$ (2,621)

\* Excludes the impact of currency and the consolidation of VFAE.

Sales for the year ended December 31, 2019 totaled \$2,945 million, which represents a decrease of \$39 million compared with the same period of 2018. Unfavorable currency decreased 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 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 sales \$38 million. Other reductions, primarily associated with customer pricing, decreased sales by \$71 million. Design changes and other revenue claims increased sales by \$31 million.

Cost of sales increased \$48 million for the year ended December 31, 2019, when compared with the same period in 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)	Year Ended December 31	
	2019	2018
Gross engineering costs	\$ (440)	\$ (431)
Engineering recoveries	140	145
Engineering costs, net	\$ (300)	\$ (286)

Gross engineering costs relate to forward model program development and advanced engineering activities, and exclude 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 the same period of 2018, primarily related to costs to support the Company's new business wins.

(In millions)	Year Ended December 31			
	2019		2018	
		% of Sales		% of Sales
Sales	\$ 2,945		\$ 2,984	
Cost of sales, excluding engineering costs	(2,321)	78.8%	(2,287)	76.6%
Engineering costs, net	(300)	10.2%	(286)	9.6%
Gross margin	\$ 324	11.0%	\$ 411	13.8%

The Company's gross margin was \$324 million or 11.0% of sales for the year ended December 31, 2019, compared to \$411 million or 13.8% of sales for the same period of 2018. Unfavorable volumes, and mix reduced gross margin by \$69 million. Unfavorable currency of \$12 million reflected the Euro, Brazilian Real, Chinese Renminbi, and Japanese Yen, partially offset by the Bulgarian Lev. Higher net engineering costs, excluding currency and the consolidation of VFAE, decreased gross margin by \$21 million. Favorable cost performance of \$80 million more than offset annual customer pricing of \$71 million. The consolidation of VFAE during the third quarter of 2018 increased gross margin by \$6 million.

#### *Selling, General and Administrative Expenses*

Selling, general, and administrative expenses were \$221 million, or 7.5% of sales, and \$193 million, or 6.5% of 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 23, "Commitments and Contingencies," along with higher incentive compensation costs, bad debt expense, personnel costs, and the consolidation of VFAE, partially offset by favorable currency.

#### *Restructuring Expense*

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 approximately \$2 million of net restructuring expenses.

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 approximately \$1 million and \$19 million of net restructuring expenses, respectively.

During the second quarter of 2018, the Company recorded employee severance and termination benefit expenses of approximately \$3 million related to legacy employees at a South America facility, and \$2 million of net restructuring expenses associated with employees at North America manufacturing facilities, due to the wind-down of certain products. During the year ended December 31, 2019, the Company recorded approximately \$1 million of restructuring expense under these programs.

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. The Company has recorded approximately \$5 million of net restructuring expenses, under this program during the year ended December 31, 2018 and is considered complete.



### *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 the same period of 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>

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

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 23, "Commitments and Contingencies."

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 20, "Business Acquisitions."

### *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 year-over-year 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 23, "Commitments and Contingencies." 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 the same period of 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 (a non-GAAP financial measure, as defined in Note 3) 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 the same period of 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 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	4	(8)	12
Adjusted EBITDA	<u>\$ 234</u>	<u>\$ 330</u>	<u>\$ (96)</u>

The Company's consolidated results of operations for the years ended December 31, 2018 and 2017 were as follows:

(In millions)	Year Ended December 31		
	2018	2017	Change
Sales	\$ 2,984	\$ 3,146	\$ (162)
Cost of sales	(2,573)	(2,655)	82
Gross margin	411	491	(80)
Selling, general and administrative expenses	(193)	(226)	33
Restructuring expense, net	(29)	(14)	(15)
Interest expense, net	(7)	(16)	9
Equity in net income of non-consolidated affiliates	13	7	6
Loss on divestiture	—	(33)	33
Other income, net	21	14	7
Provision for income taxes	(43)	(48)	5
Net income from continuing operations	173	175	(2)
Net income from discontinued operations, net of tax	1	17	(16)
Net income	174	192	(18)
Net income attributable to non-controlling interests	(10)	(16)	6
Net income attributable to Visteon Corporation	\$ 164	\$ 176	\$ (12)
Adjusted EBITDA*	\$ 330	\$ 370	\$ (40)

\* Adjusted EBITDA is a Non-GAAP financial measure, as defined in Note 3.

#### Results of Operations - 2018 Compared with 2017

##### Sales and Cost of Sales

(In millions)	Sales	Cost of Sales
December 31, 2017	\$ 3,146	\$ (2,655)
Volume, mix, and net new business	(151)	42
VFAE consolidation	13	(9)
Currency	48	(31)
Customer pricing and other	(72)	—
Engineering cost, net	—	(21)
Cost performance	—	101
December 31, 2018	\$ 2,984	\$ (2,573)

Sales for the year ended December 31, 2018 totaled \$2,984 million, which represents a decrease of \$162 million compared with the same period of 2017. Unfavorable volumes, and product mix, net of new business decreased sales by \$151 million. Product mix reflects the Company-specific content across product lines. Favorable currency increased sales by \$48 million, primarily attributable to the Euro and Chinese Renminbi, partially offset by the Brazilian Real. The consolidation of a previously non-consolidated affiliate, VFAE, during 2018 increased sales \$13 million. Other reductions were primarily associated with customer pricing.

Cost of sales decreased \$82 million for the year ended December 31, 2018, when compared with the same period in 2017. Lower volumes and product mix, net of new business decreased cost of sales by \$42 million. Foreign currency increased cost of sales by \$31 million primarily attributable to the Euro. The consolidation of VFAE during 2018 increased cost of sales \$9 million. Cost performance, including material, design and usage economics, lower warranty costs, and a favorable antitrust settlement, partially offset by legal expenses related to former employees at a closed plant in Brazil and non-recurrence of certain intellectual property settlements, decreased cost of sales by \$101 million.

A summary of net engineering costs is shown below:

	Year Ended December 31	
	2018	2017
	(Dollars in Millions)	
Gross engineering costs	\$ (431)	\$ (392)
Engineering recoveries	145	133
Engineering costs, net	<u>\$ (286)</u>	<u>\$ (259)</u>

Gross engineering costs relate to forward model program development and advanced engineering activities, and exclude contractually reimbursable engineering costs. Net engineering costs, of \$286 million for the year ended December 31, 2018, including the impacts of currency and the consolidation of VFAE, were \$27 million higher than the same period of 2017, primarily related to costs to support the Company's new business wins.

(In millions)	Year Ended December 31			
	2018		2017	
	% of Sales		% of Sales	
Sales	\$ 2,984		\$ 3,146	
Cost of sales, excluding engineering costs	(2,287)	76.6%	(2,396)	76.2%
Engineering costs, net	(286)	9.6%	(259)	8.2%
Gross margin	<u>\$ 411</u>	<u>13.8%</u>	<u>\$ 491</u>	<u>15.6%</u>

#### *Gross Margin*

The Company's gross margin was \$411 million or 13.8% of sales for the year ended December 31, 2018, compared to \$491 million or 15.6% of sales for the same period of 2017. The \$80 million decrease in gross margin included \$109 million from unfavorable volumes, and product mix, net of new business. Currency increased gross margin by \$17 million as the impact of the Euro and Chinese Renminbi more than offset the impact of the Brazilian Real. The consolidation of VFAE during 2018 increased gross margin by \$4 million. Gross margin was impacted by favorable cost performance of \$8 million primarily due to favorable material cost efficiencies, lower warranty costs, and a favorable antitrust settlement, partially offset by higher engineering expense, legal expenses related to former employees at a closed plant in Brazil and customer pricing reductions.

#### *Selling, General and Administrative Expenses*

Selling, general, and administrative expenses were \$193 million, or 6.5% of sales, and \$226 million, or 7.2% of sales, during the years ended December 31, 2018 and 2017, respectively. The decrease of \$33 million is related to lower incentive compensation costs, the resolution of a legal matter as further described in Note 23, "Commitments and Contingencies," and net cost efficiencies, partially offset by higher equity based incentive compensation costs and unfavorable currency.

#### *Restructuring Expense*

During the third quarter of 2018, the Company approved a restructuring program impacting engineering and administrative functions to optimize operations. The Company recorded approximately \$19 million of net restructuring expenses in relation to the program and expects to incur up to \$25 million under this program.

During the second quarter of 2018, the Company recorded employee severance and termination benefit expenses of approximately \$3 million related to legacy employees at a South America facility and \$2 million of net restructuring expenses associated with employees at North America manufacturing facilities due to the wind-down of certain products.

During the fourth quarter of 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. The Company has recorded approximately \$5 million and \$14 million of net restructuring expenses respectively under this program during the years ended December 31, 2018 and 2017.

*Other and Discontinued Operations:* During the year ended December 31, 2018, the Company recorded \$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, 2018, was \$7 million, representing a decrease of \$9 million when compared to \$16 million for the same period of 2017. The decrease is primarily due to lower effective interest rates on debt and the non-recurrence of 2017 financing fees.

#### *Equity in Net Income of Non-Consolidated Affiliates*

Equity in net income of non-consolidated affiliates was \$13 million and \$7 million for the years ended December 31, 2018 and 2017, respectively. The increase in income is primarily attributable to the Company's equity interest in Yanfeng Visteon Investment Company due to increases in engineering services.

#### *Loss on Divestiture*

On December 1, 2017, the Company completed an asset sale related to an Electronics facility in France to a third party (the "France Transaction"). In connection with the France Transaction, the Company recorded pre-tax losses of approximately \$33 million including a cash contribution of \$13 million, long-lived asset impairment charges of \$13 million and other working capital and transaction related impacts of \$7 million.

#### *Other Income (Expense), Net*

Other income (expense), net consists of the following:

(In millions)	Year Ended December 31	
	2018	2017
Pension financing benefits, net	\$ 13	\$ 12
Transformation initiatives	4	(2)
Gain on non-consolidated affiliate transactions, net	4	4
	<u>\$ 21</u>	<u>\$ 14</u>

Pension financing benefits, net, includes income from return on assets net of interest costs and other amortization.

Transformation initiative costs include information technology separation costs, integration of acquired business, and financial and advisory services incurred in connection with the Company's transformation into a pure play cockpit electronics business. During 2018, the Company recognized a \$4 million benefit related to the resolution of a legal matter as further described in Note 23, "Commitments and Contingencies."

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 20, "Business Acquisitions."

During 2017, the Company disposed of its cost method investments resulting in a net pretax gain of \$4 million, as further described in Note 6, "Non-Consolidated Affiliates."

#### *Income Taxes*

The Company's provision for income tax was \$43 million for year ended December 31, 2018 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 \$5 million for the year ended December 31, 2018, compared with 2017. The decrease is primarily attributable to favorable audit developments in connection with uncertain tax positions related to goodwill tax amortization at an affiliate in Asia, \$6 million, and the non-recurrence of \$3 million adverse valuation allowance assessments in 2017 resulting from revised profit projections primarily in Mexico and France. Other changes in the Company's deferred tax

asset valuation allowances did not materially impact net tax expense during the years ended December 31, 2018 or 2017. The decreases in the tax provision were partially offset primarily by the year-over-year increase in the effective tax rate in profitable jurisdictions driven by the mix of earnings and differing tax rates between jurisdictions.

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 include, but are 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 institutes 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 creates a new U.S. corporate minimum tax on certain earnings of foreign subsidiaries. At December 31, 2018, the Company had completed its accounting for the tax effects of the Act. The adjustments to the provisional amounts did not have a significant impact to income tax expense due to the U.S. valuation allowance; see Note 15, "Income Taxes" to the Consolidated Financial Statements for additional information.

#### *Discontinued Operations*

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 23, "Commitments and Contingencies." During 2018 the Company recorded a \$4 million charge for judicial deposits 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.

In connection with the Climate Transaction, the Company completed the repurchase of the electronics operations located in India during the first quarter of 2017 for \$47 million, recognizing a \$7 million gain on settlement of purchase commitment contingencies.

In connection with the Interiors Divestiture, the Company negotiated a settlement with the Buyer for certain non-income tax items and recognized a gain on divestiture of \$7 million for the year ended December 31, 2017.

## Net Income

Net income attributable to Visteon was \$164 million for the year ended December 31, 2018, compared to net income of \$176 million for the same period of 2017. The decrease of \$12 million is primarily attributable to the decrease in gross margin including unfavorable volumes, higher engineering expense, customer pricing and product mix, partially offset by net new business, improved cost performance and favorable currency. The decrease in gross margin was partially offset by lower selling, general and administrative expense, and the non-recurrence of a loss on divestiture in 2017.

## Adjusted EBITDA

Adjusted EBITDA (a non-GAAP financial measure, as defined in Note 3) was \$330 million for the year ended December 31, 2018, representing a decrease of \$40 million when compared with Adjusted EBITDA of \$370 million for the same period of 2017. The decrease is primarily attributable to unfavorable volumes, higher engineering expense, customer pricing and product mix, partially offset by net new business, lower selling, general and administrative expense, improved cost performance and favorable currency.

The reconciliation of Adjusted EBITDA to net income attributable to Visteon for the years ended December 31, 2018 and 2017 is as follows:

(In millions)	Year Ended December 31		
	2018	2017	Change
Net income attributable to Visteon Corporation	\$ 164	\$ 176	\$ (12)
Depreciation and amortization	91	87	4
Restructuring expense, net	29	14	15
Interest expense, net	7	16	(9)
Equity in net income of non-consolidated affiliates	(13)	(7)	(6)
Loss on divestiture	—	33	(33)
Provision for income taxes	43	48	(5)
Net (income) loss from discontinued operations, net of tax	(1)	(17)	16
Net income attributable to non-controlling interests	10	16	(6)
Non-cash, stock-based compensation expense	8	12	(4)
Other	(8)	(8)	—
Adjusted EBITDA	<u>\$ 330</u>	<u>\$ 370</u>	<u>\$ (40)</u>

## Liquidity

### Overview

The Company's primary sources of liquidity are cash flows from operations, existing cash balances, and borrowings under available credit facilities, if necessary. The Company believes that funds generated from these sources will be adequate to fund its liquidity for current business requirements.

A portion of the Company's cash flows from operations are generated outside of the U.S. Accordingly, the Company utilizes a combination of cash repatriation strategies, including dividends, royalties, intercompany loan arrangements and other distributions and advances 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.

The Company's ability to generate operating cash flow is dependent on the level, variability and timing of its customers' worldwide vehicle production, which may be affected by many factors including, but not limited to, general economic conditions, specific industry conditions, financial markets, competitive factors and legislative and regulatory changes. The Company monitors the macroeconomic environment and its impact on vehicle production volumes in relation to the Company's specific cash needs. The Company's intra-year needs are impacted by seasonal effects in the industry, such as mid-year shutdowns, the subsequent ramp-up of new model production and year-end shutdowns at key customers.

In the event that the Company's funding requirements exceed cash provided by its operating activities, the Company will meet such requirements by reduction of existing cash balances, by drawing on its Revolving Credit Facility or other affiliate working capital lines, by seeking additional capital through debt or equity markets, or some combination thereof.

Access to additional capital through the debt or equity markets is influenced by the Company's credit ratings. As of December 31, 2019, the Company's corporate credit rating is Ba3 and BB by Moody's and Standard & Poor's, respectively. See Note 12, "Debt" to the accompanying consolidated financial statements for a more comprehensive discussion of the Company's debt facilities. Incremental funding requirements of the Company's consolidated foreign entities are primarily accommodated by intercompany arrangements, cash pooling structures, and local working capital facilities. Affiliate working capital lines are primarily used by the Company's consolidated joint ventures. As of December 31, 2019, these lines had availability of approximately \$73 million.

#### *Cash Balances*

As of December 31, 2019, the Company had total cash of \$469 million, including \$3 million of restricted cash. Cash balances totaling \$311 million were located in jurisdictions outside of the United States, of which approximately \$115 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.

#### *Restructuring*

During the year ended December 31, 2019, the Company paid \$15 million related to restructuring activities. See Note 5, "Restructuring Activities" to the Company's consolidated financial statements included in Item 8 of this Report for further information.

#### *Other Items Affecting Liquidity*

In 2019, the Company purchased 322,120 shares at an average price of \$62.06 for an aggregate amount of \$20 million of the Company's common stock. For additional informational, see Note 16, "Stockholders' Equity and Non-controlling Interests" to the Company's consolidated financial statements included in Item 8 of this Report for further information. As of December 31, 2019, \$380 million of authorization remains outstanding through 2020.

During the year ended December 31, 2019, cash contributions to the Company's U.S. and non-U.S. defined benefit pension plans were \$8 million. The Company expects to make contributions to its various defined benefit pension plans of \$26 million in 2020.

### **Cash Flows**

#### *Operating Activities*

Including discontinued operations, the Company generated \$183 million of cash from operating activities during the year ended December 31, 2019, as compared to \$204 million during the same period of 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.

Including discontinued operations, the Company generated \$204 million of net cash from operating activities during the year ended December 31, 2018, as compared to \$215 million during the same period of 2017 representing an \$11 million decrease in net cash provided from operations. The decrease in operating cash flows is primarily due to lower net income of \$18 million, excluding a 2017 non-cash loss of \$33 million and unfavorable changes in other assets and liabilities of \$32 million, primarily attributable to incentive compensation payments and increased royalty payments, partially offset by a decrease in China bank notes during 2018. These items are partially offset by favorable changes to trade working capital during the year ended December 31, 2018 as compared to the same period of 2017 of \$73 million.



### *Investing Activities*

Net cash used by investing activities during the year ended December 31, 2019 totaled \$128 million, as compared to \$98 million in the same period of 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 the year ended December 31, 2018 totaled \$98 million, compared to \$173 million in the same period of 2017, representing a reduction of cash used by investing activities of \$75 million. Net cash used by investing activities during the year ended December 31, 2018, included capital expenditures of \$127, which is 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.

Net cash used by investing activities during the year ended December 31, 2017 totaled \$173 million, compared to net cash provided from investing activities of \$302 million in the same period in 2016 for a decrease of \$475 million. Net cash used by investing activities during the year ended December 31, 2017, includes the purchase of the India electronics operations associated with the Climate Transaction for \$47 million, payments of \$48 million primarily related to the Germany Interiors Divestiture and France Transaction and capital expenditures of \$99 million. These outflows were partially offset by proceeds for divestitures of equity and cost based investments in China and Europe of \$15 million and net investment hedge settlement proceeds of \$5 million.

### *Financing Activities*

Net cash used by financing activities during the year ended December 31, 2019, totaled \$49 million, compared to \$335 million for the same period in 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 the same period 2018 is primarily attributable to lower share repurchase transactions of \$280 million.

Net cash used by financing activities during the year ended December 31, 2018, totaled \$335 million, compared to \$234 million for the same period in 2017, for an increase in net cash used by financing activities of \$101 million. Increased net cash used by financing activities during the year ended December 31, 2018 as compared to the same period of 2017 is primarily attributable to higher share repurchase transactions of \$100 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.

Net cash used by financing activities during the year ended December 31, 2017, totaled \$234 million, compared to \$2,262 million for the same period in 2016, for a decrease in net cash used by financing activities of \$2,028 million. Net cash used by financing activities during the year ended December 31, 2017, included share repurchases of \$200 million and dividends paid to non-controlling interests of \$38 million.

### **Debt and Capital Structure**

See "Liquidity" above and also see Note 12, "Debt" and Note 16, "Stockholders' Equity and Non-controlling Interests" to the Company's consolidated financial statements included in Item 8 of this Report for further information.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

### **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, 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. See Note 18, "Fair Value Measurements" to the consolidated financial statements included in Item 8 for additional information.

## Contractual Obligations

The following table summarizes the Company's contractual obligations existing as of December 31, 2019:

(In millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt	\$ 387	\$ 37	\$ —	\$ —	\$ 350
Purchase obligations	97	54	39	4	—
Interest payments on long-term debt	44	10	21	13	—
Operating leases, including imputed interest	195	36	55	46	58
Total contractual obligations	<u>\$ 723</u>	<u>\$ 137</u>	<u>\$ 115</u>	<u>\$ 63</u>	<u>\$ 408</u>

Excluded from the contractual obligations table above are open purchase orders as of December 31, 2019, for raw materials and supplies in the normal course of business, joint venture agreements and other contracts without express funding requirements.

This table excludes amounts related to the Company's income tax liabilities associated with uncertain tax positions impacting the effective rate of \$6 million as the Company is unable to make reasonable estimates for the periods in which these liabilities may become due.

The Company also has certain funding requirements with respect to its various defined benefit pension plans globally. The Company intends to satisfy the funding requirements related to these plans over time.

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. As of December 31, 2019, the Company has contributed approximately \$3 million.

## 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 Report 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 Item 8 of this Report 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 23, "Commitments and Contingencies" in Item 8 of this Report for additional information.

### *Restructuring*

The Company accrued 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 5, “Restructuring Activities” in Item 8 of this Report for additional information.

### *Pension Plans*

Many of the Company’s employees participate in defined benefit pension plans or retirement/termination indemnity plans. The Company has approximately \$276 million in unfunded net pension liabilities as of December 31, 2019, of which approximately \$208 million and \$68 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 the Company’s selection of certain assumptions used by actuaries in calculating such amounts. Selected assumptions are described in Note 14, “Employee Benefit Plans” to the Company’s consolidated financial statements included in Item 8 “Financial Statements and Supplementary Data” of this Annual Report on 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, 2019, are as follows:

- 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 2019, the Company used long-term rates of return on plan assets. For U.S. plans, the Company used an expected rate of return of 6.78%. For non-U.S. plans, the Company used expected rates of return ranging from 2.6% to 8.95%. The Company has set the long-term rates of return assumptions for its 2020 pension expense which range from 2.0% to 7.25% outside the U.S. and 6.6% in the U.S. Actual returns on U.S. pension assets for 2019, 2018 and 2017 were 19.9%, (4.5%) and 16.1%, 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 0.45% to 8.95% to determine its pension and other benefit obligations as of December 31, 2019, including weighted average discount rates of 3.34% for U.S. pension plans and 2.39% 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 2019 funded status and 2020 pretax pension expense.

	<b>Impact on U.S. 2020 Pretax Pension Expense</b>	<b>Impact on U.S. Plan 2019 Funded Status</b>	<b>Impact on Non-U.S. 2020 Pretax Pension Expense</b>	<b>Impact on Non-U.S. Plan 2019 Funded Status</b>
25 basis point decrease in discount rate (a)(b)	Less than -\$1 million	-\$27 million	Less than -\$1 million	-\$13 million
25 basis point increase in discount rate (a)(b)	Less than + \$1 million	+\$26 million	Less than +\$1 million	+\$14 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 the valuation allowance 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 15, "Income Taxes" in Item 8 of this Report 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, 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. See Note 18, "Fair Value Measurements" in Item 8 of this Report for additional information.

#### **Recent Accounting Pronouncements**

See Note 1, "Summary of Significant Accounting Policies" to the accompanying consolidated financial statements under Item 8 of this Report 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 report. 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 report. 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:

- 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 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.
- 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.
- 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.
- 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.
- 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 or fuel prices and 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.
- Impact of the coronavirus on our suppliers, our manufacturing facilities and automotive sales in China.
- 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 current primary hedged foreign currency exposures include the Japanese Yen, Euro and Mexican Peso. 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 \$32 million for foreign currency derivative financial instruments as of December 31, 2019 and 2018. 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 19, "Financial Instruments" to the consolidated financial statements included in Item 8 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, 2019, 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, 2019, 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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, 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, 2019, 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 20, 2020 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 Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### **Revenue Recognition**

*Description of the Matter*

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.

### **Income Taxes - Realizability of Deferred Tax Assets**

*Description of the Matter*

As more fully described in Note 15, Income Taxes, as of December 31, 2019, the Company had deferred tax assets of \$198 million (net of valuation allowances totaling \$1,132 million, comprised of \$768 million in the U.S. and \$364 million in foreign jurisdictions, primarily Germany and France). Deferred tax assets are reduced by a valuation allowance if, based upon the weight of all available evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

Management's analysis of the realizability of its deferred tax assets was critical to our audit because the assessment process by jurisdiction is complex, involves judgment, and includes assumptions that may be affected by future market or economic conditions.

*How We Addressed the Matter in Our Audit*

We tested controls that address the risks of material misstatement relating to the realizability of deferred tax assets, including controls over management's projections of future taxable income, the future reversal of existing taxable temporary differences, and management's identification and use of tax planning strategies.

We evaluated the Company's assessment of the realizability of deferred tax assets and the resulting valuation allowance. Our audit procedures included testing the calculations of existing temporary book-tax differences. We also tested the Company's scheduling of the reversal of existing temporary taxable differences by jurisdiction and of the appropriate character of income. We evaluated the assumptions used by the Company to develop projections of future taxable income by jurisdiction and tested the completeness and accuracy of the underlying data used in its projections. For example, we compared the projections of future taxable income with the actual results of prior periods as well as management's consideration of current industry and economic trends. We also assessed the historical accuracy of management's projections and reconciled the projections of future income with other forecasted financial information prepared by the Company. Lastly, we involved our tax specialists to evaluate the application of tax law in the Company's use of tax planning strategies.

/s/ Ernst & Young LLP

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

Detroit, Michigan

February 20, 2020

## **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, 2019, 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, 2019, 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 2019 consolidated financial statements of the Company and our report dated February 20, 2020 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 20, 2020

**VISTEON CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(In millions, Except Per Share Amounts)*

	Year Ended December 31		
	2019	2018	2017
Sales	\$ 2,945	\$ 2,984	\$ 3,146
Cost of sales	(2,621)	(2,573)	(2,655)
Gross margin	324	411	491
Selling, general and administrative expenses	(221)	(193)	(226)
Restructuring expense, net	(4)	(29)	(14)
Interest expense	(13)	(14)	(21)
Interest income	4	7	5
Equity in net income of non-consolidated affiliates	6	13	7
Loss on divestiture	—	—	(33)
Other income, net	10	21	14
Income before income taxes	106	216	223
Provision for income taxes	(24)	(43)	(48)
Net income from continuing operations	82	173	175
Net income (loss) from discontinued operations, net of tax	(1)	1	17
Net income	81	174	192
Net income attributable to non-controlling interests	(11)	(10)	(16)
Net income attributable to Visteon Corporation	<u>\$ 70</u>	<u>\$ 164</u>	<u>\$ 176</u>
<b><u>Basic earnings (loss) per share:</u></b>			
Continuing operations	\$ 2.53	\$ 5.53	\$ 5.03
Discontinued operations	(0.04)	0.03	0.54
Basic earnings per share attributable to Visteon Corporation	<u>\$ 2.49</u>	<u>\$ 5.56</u>	<u>\$ 5.57</u>
<b><u>Diluted earnings (loss) per share:</u></b>			
Continuing operations	\$ 2.52	\$ 5.49	\$ 4.94
Discontinued operations	(0.04)	0.03	0.53
Diluted earnings per share attributable to Visteon Corporation	<u>\$ 2.48</u>	<u>\$ 5.52</u>	<u>\$ 5.47</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		
	2019	2018	2017
Net income	\$ 81	\$ 174	\$ 192
Foreign currency translation adjustments	(13)	(46)	68
Net investment hedge	9	7	(22)
Benefit plans, net of tax <i>(a)</i>	(43)	(8)	12
Unrealized hedging gains (losses), net of tax <i>(b)</i>	(6)	1	6
Other comprehensive income (loss), net of tax	(53)	(46)	64
Comprehensive income	28	128	256
Comprehensive income attributable to non-controlling interests	9	6	21
Comprehensive income attributable to Visteon Corporation	<u>\$ 19</u>	<u>\$ 122</u>	<u>\$ 235</u>

*(a) Other comprehensive income (loss) is net of tax benefit of \$5 million for the year ended December 31, 2019, tax expense of \$1 million for the year ended December 31, 2018, and tax expense of \$1 million for the year ended December 31, 2017.*

*(b) There were no tax effects for the year ended December 31, 2019, while other comprehensive income (loss) is net of tax expense of less than \$1 million for the year ended December 31, 2018, and tax expense of \$1 million for the year ended December 31, 2017.*

See accompanying notes to the consolidated financial statements.

**VISTEON CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
*(In millions)*

	December 31	
	2019	2018
<b>ASSETS</b>		
Cash and equivalents	\$ 466	\$ 463
Restricted cash	3	4
Accounts receivable, net	514	486
Inventories, net	169	184
Other current assets	193	159
Total current assets	1,345	1,296
Property and equipment, net	436	397
Intangible assets, net	127	129
Right-of-use assets	165	—
Investments in non-consolidated affiliates	48	42
Other non-current assets	150	143
Total assets	\$ 2,271	\$ 2,007
<b>LIABILITIES AND EQUITY</b>		
Short-term debt	\$ 37	\$ 57
Accounts payable	511	436
Accrued employee liabilities	73	67
Current lease liability	30	—
Other current liabilities	147	161
Total current liabilities	798	721
Long-term debt	348	348
Employee benefits	292	257
Non-current lease liability	139	—
Deferred tax liabilities	27	23
Other non-current liabilities	72	76
Stockholders' equity:		
Preferred stock (par value \$0.01, 50 million shares authorized, none outstanding as of December 31, 2019 and 2018)	—	—
Common stock (par value \$0.01, 250 million shares authorized, 55 million shares issued, 28 million shares outstanding as of December 31, 2019 and 2018)	1	1
Additional paid-in capital	1,342	1,335
Retained earnings	1,679	1,609
Accumulated other comprehensive loss	(267)	(216)
Treasury stock	(2,275)	(2,264)
Total Visteon Corporation stockholders' equity	480	465
Non-controlling interests	115	117
Total equity	595	582
Total liabilities and equity	\$ 2,271	\$ 2,007

See accompanying notes to the consolidated financial statements.

**VISTEON CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS<sup>1</sup>**  
*(In millions)*

	Year Ended December 31		
	2019	2018	2017
<b>Operating Activities</b>			
Net income	\$ 81	\$ 174	\$ 192
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	100	91	87
Non-cash stock-based compensation	17	8	12
Losses on divestitures and impairments	—	—	33
Transaction gains	—	(8)	(11)
Equity in net income of non-consolidated affiliates, net of dividends remitted	(6)	(13)	(7)
Other non-cash items	8	3	1
Changes in assets and liabilities:			
Accounts receivable	(33)	44	10
Inventories	13	1	(3)
Accounts payable	73	(19)	(54)
Other assets and other liabilities	(70)	(77)	(45)
Net cash provided from operating activities	183	204	215
<b>Investing Activities</b>			
Capital expenditures, including intangibles	(142)	(127)	(99)
Loans to non-consolidated affiliate, net of repayments	11	—	—
Acquisition of businesses, net of cash acquired	—	16	(47)
Payments on divestiture of businesses	—	—	(48)
Proceeds from asset sales and business divestitures	—	—	15
Other, net	3	13	6
Net cash used by investing activities	(128)	(98)	(173)
<b>Financing Activities</b>			
Repurchase of common stock	(20)	(300)	(200)
Short-term debt, net	(19)	12	10
Dividends paid to non-controlling interests	(9)	(28)	(38)
Distribution payments	—	(14)	(1)
Stock based compensation tax withholding payments	—	(7)	(1)
Principal payments on debt	—	—	(2)
Other	(1)	2	(2)
Net cash used by financing activities	(49)	(335)	(234)
Effect of exchange rate changes on cash and equivalents	(4)	(13)	19
Net increase (decrease) in cash and equivalents	2	(242)	(173)
Cash and equivalents at beginning of the year	467	709	882
Cash and equivalents at end of the year	<u>\$ 469</u>	<u>\$ 467</u>	<u>\$ 709</u>
<b>Supplemental Disclosures:</b>			
Cash paid for interest	\$ 14	\$ 15	\$ 16
Cash paid for income taxes, net of refunds	\$ 40	\$ 47	\$ 49

<sup>1</sup> 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, 2016	\$ 1	\$ —	\$ 1,327	\$ 1,269	\$ (233)	\$ (1,778)	\$ 586	\$ 138	\$ 724
Net income	—	—	—	176	—	—	176	16	192
Other comprehensive income	—	—	—	—	59	—	59	5	64
Stock-based compensation, net	—	—	12	—	—	4	16	—	16
Repurchase of shares of common stock	—	—	—	—	—	(200)	(200)	—	(200)
Dividends payable	—	—	—	—	—	—	—	(2)	(2)
Cash dividends	—	—	—	—	—	—	—	(33)	(33)
December 31, 2017	\$ 1	\$ —	\$ 1,339	\$ 1,445	\$ (174)	\$ (1,974)	\$ 637	\$ 124	\$ 761
Net income	—	—	—	164	—	—	164	10	174
Other comprehensive 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	—	—	—	70	—	—	70	11	81
Other comprehensive 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

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 ("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 subsidiaries that are more than 50% owned and over which the Company exercises control. Investments in affiliates of greater than 20% and for 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 equity investments are measured at cost, less impairment, with changes in fair value recognized in net income.

The Company determines whether joint ventures 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 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.

*Revenue Recognition:* The Company generates revenue from the production of automotive vehicle cockpit electronics parts sold to 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. 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, 2019, 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 consideration 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 Sales and Accounts receivable, net, within the consolidated statements of comprehensive income 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 2019, revenue recognized related to performance obligations satisfied in previous periods represented less than 1% of consolidated sales. The Company's customers pay for products received in accordance with payment terms that are customary within the industry. The Company's contracts with its customers do not have significant financing components.

The Company does not have an enforceable right to payment at any time prior to when the parts are shipped or delivered to the customer; therefore, the Company recognizes revenue at the point in time it satisfies a performance obligation by transferring control of a part to the customer. 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.

*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, and 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 \$3 million, \$6 million and \$9 million for the years ended December 31, 2019, 2018 and 2017 respectively.

*Restructuring Expense:* The Company defines restructuring expense to include 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, research and development costs, and pre-production operating costs are expensed as incurred. 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 \$300 million, \$286 million, and \$253 million in 2019, 2018 and 2017, respectively, which includes recoveries of \$140 million, \$146 million and \$133 million. Shipping and handling costs are recorded in the Company's consolidated statements of operations as "Cost of sales."

*Other Income (Expense), Net:*

(In millions)	Year Ended December 31		
	2019	2018	2017
Pension financing benefits, net	\$ 10	\$ 13	\$ 12
Transformation initiatives	—	4	(2)
Gain on non-consolidated transactions, net	—	4	4
	<u>\$ 10</u>	<u>\$ 21</u>	<u>\$ 14</u>

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

During 2018, the Company recognized a \$4 million benefit on settlement of litigation matters with the Company's former President and Chief Executive Officer ("former CEO") as further described in Note 23, "Commitments and Contingencies."

During 2017, transformation initiative costs include information technology separation costs, integration of acquired businesses, and financial and advisory services incurred in connection with the Company's transformation into a pure play cockpit electronics business.

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 20, "Business Acquisitions."

The gain on non-consolidated affiliate transactions for 2017 represents the Company's sale of three cost method investments and an equity method investment as further described in Note 6, "Non-Consolidated Affiliates."

*Net Earnings (Loss) Per Share Attributable to Visteon:* Basic earnings per share is calculated by dividing net income attributable to Visteon, by the average number of shares of common stock outstanding. Diluted earnings per share is computed by dividing net income 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 a 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, 2019 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 \$2 million related to a Letter of Credit Facility, and \$1 million related to cash collateral for other corporate purposes as of December 31, 2019.

*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's accounts receivables are continually assessed for collectability and any allowance is recorded based upon the age of outstanding receivables, historical payment experience and customer creditworthiness. The allowance for doubtful accounts balance was \$10 million and \$6 million as of December 31, 2019 and 2018, respectively. Provisions for estimated uncollectible accounts receivable of \$5 million, \$2 million and \$3 million are included in selling, general and administrative expenses for the years ended December 31, 2019, 2018, and 2017.

The Company exchanges a portion of its accounts receivable for bank notes for certain of its customers in China. 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.

*Inventories:* Inventories are stated at the lower of cost, determined on a first-in, first-out ("FIFO") basis, or market. 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. It is generally required that non-reimbursable design and development costs for products to be sold under long-term supply arrangements be expensed as incurred and costs incurred for molds, dies and other tools that will be owned by the Company or its customers and used in producing the products under long-term supply arrangements be capitalized and amortized over the shorter of the expected useful life of the assets or the term of the supply arrangement. Product tooling owned by the Company is capitalized as property and equipment and is amortized to cost of sales over its estimated economic life, generally not exceeding six years. The Company had receivables of \$31 million and \$22 million as of December 31, 2019 and 2018, respectively, related to product tools in progress, 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 for which costs are capitalized as costs are 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. Operating leases are included in right-of-use ("ROU") assets, current lease liabilities, and non-current lease liabilities in the consolidated balance sheets. Finance leases are not material and are included in property and equipment, short-term debt and long-term debt in the consolidated balance sheets.

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 generally uses its incremental borrowing rate based on corporate rates. 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 for lease payments is recognized on a straight-line basis over the lease term. The Company has lease agreements containing lease and non-lease components. The Company accounts for the lease and non-lease components 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 and concluded that no impairment exists as of December 31, 2019.

*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 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.
- Other intangible assets 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 23, "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 follows a net basis policy with regard to value added taxes collected from customers and remitted to government authorities, which excludes them from both net sales and expenses.

*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*

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases (Subtopic 842)." The standard increases the transparency and comparability of organizations by recognizing ROU assets and lease liabilities on the consolidated balance sheets and disclosing key quantitative and qualitative information about leasing arrangements. In transition, the standard provides for certain practical expedients. Management elected certain practical expedients including the election not to reassess existing or expired contracts to determine if such contracts contain a lease or if the lease classification would differ, as well as the election not to separate lease and non-lease components for arrangements where the Company is a lessee.

The Company adopted the standard January 1, 2019, by applying the modified retrospective method without restatement of comparative periods' financial information, as permitted by the transition guidance. The adoption of this guidance resulted in the recognition of ROU assets and lease liabilities for operating leases in the consolidated balance sheet of approximately \$172 million and \$176 million, respectively, as of January 1, 2019. The Company's accounting for finance leases remained substantially unchanged under the new guidance and the adoption did not have an impact on the Company's consolidated results of operations and cash flows. For additional information, refer to Note 11, "Leases."

In February 2018, the FASB issued ASU 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220)." This standard provides an option to reclassify stranded tax effects within accumulated other comprehensive income (loss) to retained earnings due to the U.S. federal corporate income tax rate change in the Tax Cuts and Jobs Act of 2017 (the "Act"). The Company adopted the standard January 1, 2019 and elected to reclassify stranded amounts related to the Act from accumulated other comprehensive income (loss) to retained earnings. However, due to the U.S. valuation allowance, there were no stranded tax effects within accumulated other comprehensive income (loss) as of the enactment date, and thus, no amount to reclassify to retained earnings.

Effective January 1, 2018 the Company adopted ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)," using the modified retrospective method. Under the modified retrospective method, the impact of applying the standard is recognized as a cumulative effect on retained earnings. The adoption of ASU 2014-09 did not have a material impact on the Company's consolidated financial position, results of operations, equity or cash flows as of the adoption date or for the year ended December 31, 2018. Comparative information for periods prior to adoption have not been restated and continue to be reported under the accounting standards in effect for those periods.

Effective January 1, 2018 the Company adopted ASU 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost." The ASU requires entities to present the service cost component of the net periodic benefit cost in the same income statement line item(s) as other employee compensation costs arising from services rendered during the period. In addition, only the service cost component will be eligible for capitalization in assets. Entities will present the other components separately from the line item(s) that includes the service cost and outside of any subtotal of operating income, and disclose the line(s) used to present the other components of net periodic benefit cost, if the components are not presented separately in the income statement. The standard was applied retrospectively for the presentation of the service cost component and the components of pension financing costs in the income statement, and prospectively for the guidance limiting the capitalization of net periodic benefit cost in assets to the service cost. This new guidance is effective for interim and annual reporting periods beginning after December 15, 2017. The Company previously recorded service cost with other compensation costs (benefits) in cost of sales and selling, general and administrative expenses. Adoption of the standard resulted in the reclassification of other compensation costs (benefits) in "Other income (expense), net." The Company's retrospective adoption of this standard on January 1, 2018 resulted in an \$8 million increase to cost of sales and a \$4 million increase to selling, general and administrative expenses, with a corresponding \$12 million increase in "Other income (expense), net" with no impact to net income for the year ended December 31, 2017.

*Accounting Pronouncements Effective After 2019:* In June 2016, the FASB issued ASU 2016-13, "Credit Losses - Measurement of Credit Losses on Financial Instruments." The guidance requires that for most financial assets, losses be based on an expected loss approach which includes estimates of losses over the life of exposure that considers historical, current and forecasted information. Expanded disclosures related to the methods used to estimate the losses as well as a specific disaggregation of balances for financial assets are also required. The change is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company considered historical experience and current conditions and concluded that the application of this accounting standard does not have a material impact on its consolidated financial statements. The Company will adopt this guidance effective January 1, 2020.

## NOTE 2. Revenue Recognition

Disaggregated revenue by geographical market and product lines is as follows:

(In millions)	Year Ended December 31	
	2019	2018
<b>Geographical Markets (a)</b>		
Europe	\$ 978	\$ 981
Americas	792	800
China Domestic	527	405
China Export	262	309
Other Asia-Pacific	560	678
Eliminations	(174)	(189)
	<u>\$ 2,945</u>	<u>\$ 2,984</u>

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

(In millions)	Year Ended December 31	
	2019	2018
<b>Product Lines</b>		
Instrument clusters	\$ 1,314	\$ 1,209
Audio and infotainment	721	772
Information displays	486	509
Body and security	117	110
Telematics	76	68
Climate controls	72	122
Other (includes HUD)	159	194
	<u>\$ 2,945</u>	<u>\$ 2,984</u>

The Company has no material contract assets, contract liabilities or capitalized contract acquisition costs as of December 31, 2019.

### **NOTE 3. Segment Information**

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-GAAP financial measure, as defined below) and operating assets. As the Company has one reportable segment, total assets, depreciation, amortization and capital expenditures are equal to consolidated results.

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.

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 and head-up displays.

Key financial measures reviewed by the Company's chief operating decision maker are as follows.

#### *Segment Sales*

Segment Sales were \$2,945 million, \$2,984 million and \$3,146 million for the years ended December 31, 2019, 2018 and 2017.

#### *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. The Company has changed the presentation of the reconciliation of Adjusted EBITDA to Net income attributable to Visteon Corporation, due to the adoption of ASU 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost."

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 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 \$234 million, \$330 million and \$370 million for the years ended December 31, 2019, 2018 and 2017.



The reconciliation of Adjusted EBITDA to net income attributable to Visteon for the years ended December 31, 2019, 2018 and 2017 is as follows:

(In millions)	Year Ended December 31		
	2019	2018	2017
Net income attributable to Visteon Corporation	\$ 70	\$ 164	\$ 176
Depreciation and amortization	100	91	87
Restructuring expense, net	4	29	14
Interest expense, net	9	7	16
Equity in net income of non-consolidated affiliates	(6)	(13)	(7)
Loss on divestiture	—	—	33
Provision for income taxes	24	43	48
Net (income) loss from discontinued operations, net of tax	1	(1)	(17)
Net income attributable to non-controlling interests	11	10	16
Non-cash, stock-based compensation expense	17	8	12
Other	4	(8)	(8)
Adjusted EBITDA	<u>\$ 234</u>	<u>\$ 330</u>	<u>\$ 370</u>

*Financial Information by Geographic Region*

Sales by geographic region for the years ended December 31, 2019, 2018 and 2017 are as follows:

(In millions)	Year Ended December 31		
	2019	2018	2017
United States	\$ 663	\$ 654	\$ 776
Mexico	38	67	70
Total North America	701	721	846
Portugal	602	563	508
Slovakia	237	235	294
Tunisia	71	96	109
France	53	70	84
Other Europe	16	20	20
Intra-region eliminations	(1)	(3)	(11)
Total Europe	978	981	1,004
China Domestic	527	405	381
China Export	262	309	363
Total China	789	714	744
Japan	393	494	495
India	110	114	92
Thailand	57	69	81
Korea	—	2	12
Intra-region eliminations	—	(1)	(1)
Total Other Asia-Pacific	560	678	679
South America	91	79	68
Inter-region eliminations	(174)	(189)	(195)
	<u>\$ 2,945</u>	<u>\$ 2,984</u>	<u>\$ 3,146</u>

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

Tangible long-lived assets by geographic region as of December 31, 2019 and 2018 are as follows:

(In millions)	Year Ended December 31	
	2019	2018
Europe	\$ 207	\$ 152
North America	186	74
China	93	86
Other Asia-Pacific	86	60
South America	29	25
	<u>\$ 601</u>	<u>\$ 397</u>

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

**NOTE 4. 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		
	2019	2018	2017
<b>Numerator:</b>			
Net income from continuing operations attributable to Visteon	\$ 71	\$ 163	\$ 159
Net income (loss) from discontinued operations attributable to Visteon	(1)	1	17
Net income attributable to Visteon	<u>\$ 70</u>	<u>\$ 164</u>	<u>\$ 176</u>
<b>Denominator:</b>			
Average common stock outstanding - basic	28.1	29.5	31.6
Dilutive effect of performance based share units and other	0.1	0.2	0.6
Diluted shares	<u>28.2</u>	<u>29.7</u>	<u>32.2</u>
<b>Basic and Diluted Per Share Data:</b>			
Basic earnings (loss) per share attributable to Visteon:			
Continuing operations	\$ 2.53	\$ 5.53	\$ 5.03
Discontinued operations	(0.04)	0.03	0.54
	<u>\$ 2.49</u>	<u>\$ 5.56</u>	<u>\$ 5.57</u>
Diluted earnings (loss) per share attributable to Visteon:			
Continuing operations	\$ 2.52	\$ 5.49	\$ 4.94
Discontinued operations	(0.04)	0.03	0.53
	<u>\$ 2.48</u>	<u>\$ 5.52</u>	<u>\$ 5.47</u>

## NOTE 5. Restructuring Activities

The Company has undertaken various restructuring activities to achieve its strategic and financial objectives. Restructuring activities include, but are not limited to, plant closures, production relocation, administrative cost structure realignment and consolidation of available capacity and resources. The Company expects to finance restructuring programs through cash on hand, cash generated from operations, reimbursements pursuant to customer accommodation and support agreements or through cash available under its existing debt agreements, subject to the terms of applicable covenants. Restructuring costs are recorded as elements of a plan are finalized and the timing of activities and the amount of related costs are not likely to change. However, such costs are estimated based on information available at the time such charges are recorded. In general, management anticipates that restructuring activities will be completed within a time frame such that significant changes to the plan are not likely. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially estimated.

Including amounts associated with discontinued operations, the Company recorded net restructuring expenses of \$3 million, \$30 million and \$14 million during the years ended December 31, 2019, 2018 and 2017, respectively. Significant restructuring programs are summarized below by product group.

### *Electronics*

During the first quarter of 2020, the Company approved a restructuring program impacting engineering and administrative functions to improve the Company's efficiency and optimize its footprint. The Company expects to incur costs between \$18 million and \$24 million related to this action.

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 approximately \$2 million net restructuring expenses. As of December 31, 2019, less than a million remains accrued and the program is considered substantially complete.

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 approximately \$1 million and \$19 million of net restructuring expenses. As of December 31, 2019, approximately \$5 million remains accrued and the program is considered substantially complete.

During the second quarter of 2018, the Company recorded employee severance and termination benefit expenses of approximately \$3 million related to legacy employees at a South America facility and \$2 million of net restructuring expenses associated with employees at North America manufacturing facilities due to the wind-down of certain products. During the year ended December 31, 2019, the Company recorded approximately \$1 million of restructuring expense under the programs and approximately \$3 million remains accrued as of December 31, 2019.

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. The Company has recorded approximately \$5 million and \$14 million of net restructuring expenses, respectively under this program during the years ended December 31, 2018 and 2017. The Company has recorded approximately \$45 million of restructuring expenses since inception of this program and it is considered complete.

### *Other and Discontinued Operations*

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.

As of December 31, 2019, the Company has retained restructuring reserves as part of the Company's divestiture of the majority of its global Interiors business (the "Interiors Divestiture") of approximately \$2 million, associated with previously announced programs for the fundamental reorganization of operations at facilities in Brazil and France.

## Restructuring Reserves

Restructuring reserve balances of \$10 million and \$23 million as of December 31, 2019 and 2018, respectively, are classified as Other current liabilities on the consolidated balance sheets. The Company anticipates that the activities associated with the restructuring reserve balance as of December 31, 2019 will be substantially complete within one year. The Company's consolidated restructuring reserves and related activity are summarized below including amounts associated with discontinued operations.

(In millions)	Electronics	Other	Total
December 31, 2016	\$ 31	\$ 9	\$ 40
Expense	7	—	7
Change in estimates	8	(1)	7
Utilization	(30)	(2)	(32)
Foreign currency	2	—	2
December 31, 2017	18	6	24
Expense	24	—	24
Change in estimates	5	1	6
Utilization	(26)	(4)	(30)
Foreign currency	(1)	—	(1)
December 31, 2018	20	3	23
Expense	5	—	5
Change in estimates	(1)	(1)	(2)
Utilization	(15)	—	(15)
Foreign currency	(1)	—	(1)
December 31, 2019	\$ 8	\$ 2	\$ 10

Given the economically-sensitive and highly competitive nature of the automotive industry, the Company continues to closely monitor current market factors, industry trends and opportunities to streamline the Company's operations, including but not limited to, additional 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.

## NOTE 6. Non-Consolidated Affiliates

### Non-Consolidated Affiliate Transactions

On October 15, 2018, the Company completed the purchase of a 12.5% equity investment in a private radar imaging firm for \$1 million, as further described in Note 18, "Fair Value Measurements."

On September 1, 2018, Visteon acquired an additional 1% ownership interest in VFAE resulting in a total 51% controlling interest and a non-cash gain of \$4 million, classified as "Other income (expense), net", as further described in Note 20, "Business Acquisitions."

During 2017, the Company completed the sale and disposal of its 50% interest in an equity method investment for proceeds of \$7 million, consistent with its carrying value.

During 2017, the Company disposed of its remaining cost method investments for proceeds of approximately \$8 million and recorded a net pretax gain of \$4 million, classified as "Other income (expense), net" during the year ended December 31, 2017.

### Investments in Affiliates

The Company recorded equity in the net income of non-consolidated affiliates of \$6 million, \$13 million and \$7 million for the years ended December 31, 2019, 2018 and 2017, 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, 2019, the Company determined that no such indicators were present.

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

(In millions)	December 31	
	2019	2018
YFVIC (50%)	\$ 43	\$ 38
Others	5	4
Total investments in non-consolidated affiliates	\$ 48	\$ 42

A summary of transactions with affiliates is shown below:

(In millions)	Year Ended December 31	
	2019	2018
Billings to affiliates (a)	\$ 75	\$ 52
Purchases from affiliates (b)	\$ 73	\$ 79

(a) Primarily relates to parts production and engineering reimbursement

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

#### Variable Interest Entities

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, were paid in 2019.

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 YFVIC is provided below:

(In millions)	December 31	
	2019	2018
Payables due to YFVIC	\$ 9	\$ 17
<b><u>Exposure to loss in YFVIC</u></b>		
Investment in YFVIC	\$ 43	\$ 38
Receivables due from YFVIC	41	36
Subordinated loan receivable	8	20
Loan guarantee	—	11
Maximum exposure to loss in YFVIC	\$ 92	\$ 105

#### NOTE 7. Inventories

Inventories, net consist of the following components:

(In millions)	December 31	
	2019	2018
Raw materials	\$ 100	\$ 124
Work-in-process	28	26
Finished products	41	34
	\$ 169	\$ 184

**NOTE 8. Property and Equipment**

Property and equipment, net consists of the following:

(In millions)	December 31	
	2019	2018
Land	\$ 12	\$ 13
Buildings and improvements	83	76
Machinery, equipment and other	599	531
Construction in progress	80	56
Total property and equipment	774	676
Accumulated depreciation	(362)	(303)
	412	373
Product tooling, net of amortization	24	24
Property and equipment, net	\$ 436	\$ 397

Depreciation and amortization expenses are summarized as follows:

(In millions)	Year Ended December 31		
	2019	2018	2017
Depreciation	\$ 78	\$ 73	\$ 71
Amortization	6	3	3
	\$ 84	\$ 76	\$ 74

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 \$21 million and \$19 million as of December 31, 2019 and 2018, respectively. Related amortization expense was approximately \$9 million, \$7 million and \$4 million for the years ended 2019, 2018 and 2017. Amortization expense of approximately \$9 million, \$7 million, \$4 million and \$1 million is expected for the annual periods ended December 31, 2020, 2021, 2022 and 2023, respectively.

**NOTE 9. Intangible Assets**

Intangible assets as of December 31, 2019 were as follows:

		December 31, 2019		
(In millions)	Estimated Weighted Average Useful Life (years)	Gross Intangibles	Accumulated Amortization	Net Intangibles
<b><u>Definite-Lived:</u></b>				
Developed technology	7	\$ 40	\$ (35)	\$ 5
Customer related	10	89	(51)	38
Capitalized software development	4	32	(5)	27
Other	20	15	(4)	11
Subtotal		176	(95)	81
<b><u>Indefinite-Lived:</u></b>				
Goodwill		46	—	46
Total		\$ 222	\$ (95)	\$ 127

A roll-forward of the net carrying amounts of intangible assets is presented below:

(In millions)	December 31, 2018			December 31, 2019				
	Gross Intangibles	Accumulated Amortization	Net Intangible	Additions	Foreign Currency	Amortization Expense	Net Intangibles	
<b>Definite-Lived:</b>								
Developed technology	\$ 40	\$ (31)	\$ 9	\$ —	\$ (1)	\$ (3)	\$ 5	
Customer related	90	(42)	48	—	(1)	(9)	38	
Capitalized software development	16	(3)	13	16	—	(2)	27	
Other	14	(2)	12	1	—	(2)	11	
Subtotal	160	(78)	82	17	(2)	(16)	81	
<b>Indefinite-Lived:</b>								
Goodwill	47	—	47	—	(1)	—	46	
Total	\$ 207	\$ (78)	\$ 129	\$ 17	\$ (3)	\$ (16)	\$ 127	

(In millions)	December 31, 2017			December 31, 2018				
	Gross Intangibles	Accumulated Amortization	Net Intangibles	Additions	Foreign Currency	Amortization Expense	Net Intangibles	
<b>Definite-Lived:</b>								
Developed technology	\$ 40	\$ (27)	\$ 13	\$ —	\$ (1)	\$ (3)	\$ 9	
Customer related	88	(35)	53	7	(3)	(9)	48	
Capitalized software development	8	(1)	7	8	—	(2)	13	
Other	13	(1)	12	2	(1)	(1)	12	
Subtotal	149	(64)	85	17	(5)	(15)	82	
<b>Indefinite-Lived:</b>								
Goodwill	47	—	47	2	(2)	—	47	
Total	\$ 196	\$ (64)	\$ 132	\$ 19	\$ (7)	\$ (15)	\$ 129	

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

The Company recorded approximately \$16 million, \$15 million and \$13 million of amortization expense related to definite-lived intangible assets for the years ended December 31, 2019, 2018 and 2017, respectively. The Company currently estimates annual amortization expense to be \$16 million for each of the years 2020, 2021, and 2022, \$13 million for 2023, and \$6 million for 2024.

During 2018, in connection with the VFAE acquisition, the Company recorded customer related intangible assets of \$7 million. These definite lived intangible assets are being amortized using the straight-line method over their estimated useful lives of 10 to 12 years. Additionally, the Company recorded goodwill of \$2 million for the excess of the total consideration over the fair values of the identifiable assets and liabilities acquired. These gross additions were partially offset by foreign currency related impacts in Customer related and Other intangibles of \$5 million and \$1 million, respectively.

During 2017, the Company contributed \$2 million to American Center for Mobility, a non-profit corporation who is building a state of the art research and development facility. The contribution provides the Company certain rights regarding access to the facility for three years. The Company will use the facility for autonomous driving research and development activities for multiple products and therefore capitalized the contribution as an intangible asset. The Company made a second contribution of \$2 million during the third quarter of 2018 when the facility was substantially complete. The \$4 million intangible asset, classified as "Other", is being amortized over a 36 month period on a straight-line basis beginning in January 2018 when the term of the arrangement began.



**NOTE 10. Other Assets**

Other current assets are comprised of the following components:

(In millions)	December 31	
	2019	2018
Recoverable taxes	\$ 61	\$ 46
Joint venture receivables	41	37
Contractually reimbursable engineering costs	29	40
Prepaid assets and deposits	22	20
Royalty agreements	17	—
China bank notes	16	12
Other	7	4
	<u>\$ 193</u>	<u>\$ 159</u>

The Company sold \$81 million, \$36 million and \$16 million of China bank notes to financial institutions during 2019, 2018 and 2017, respectively. As of December 31, 2019, \$18 million remains outstanding and will mature by the end of the second quarter of 2020, and as of December 31, 2018, \$3 million remained outstanding which matured during the second quarter of 2019.

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

(In millions)	December 31	
	2019	2018
Deferred tax assets	\$ 59	\$ 45
Recoverable taxes	28	33
Contractually reimbursable engineering costs	24	29
Royalty agreements	11	—
Joint venture note receivables	8	20
Other	20	16
	<u>\$ 150</u>	<u>\$ 143</u>

During 2019, the Company amended royalty agreements with certain suppliers as part of cost reduction efforts. The Company recorded \$17 million in other current assets and \$11 million in other non-current assets, with an offsetting amount of \$20 million in accounts payable and \$13 million in other non-current liabilities as of December 31, 2019. The Company recorded approximately \$5 million of royalty expense during 2019 associated with such arrangements.

In conjunction with the Interiors Divestiture, the Company entered into a three year term loan with the buyer, classified as "Joint venture note receivable" with an original maturity of December 1, 2019. This loan was settled, prior to maturity, including \$1 million of interest income.

Current and non-current contractually reimbursable engineering costs of \$29 million and \$24 million, respectively, as of December 31, 2019, and \$40 million and \$29 million, respectively, as of December 31, 2018, 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 \$29 million in 2020, \$10 million in 2021, \$8 million in 2022, \$3 million in 2023 and \$3 million in 2024 and beyond.

**NOTE 11. Leases**

The Company has operating leases primarily for corporate offices, technical and engineering centers, customer centers, vehicles and certain equipment. As of December 31, 2019 assets and related accumulated depreciation recorded under finance leasing arrangements were not material.

The Company elected the package of practical expedients permitted under the transition guidance within the new lease standard, which among other things, allows the Company to carryforward the historical lease classification. The Company elected to combine

lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) with non-lease components (e.g., fixed common-area maintenance costs). The Company also elected to apply the practical expedient related to land easements, allowing the Company to carry forward its current accounting treatment for land easements on existing agreements.

Certain leases include one or more options to renew, with renewal terms that can extend the lease term from one to 30 years or more, leases may also include options to purchase the leased property or to terminate the leases. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

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.

Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. As most of the Company's leases do not provide an implicit rate, the Company must estimate the incremental borrowing rate to discount the lease payments based on information available at lease commencement. The incremental borrowing rate is derived from Visteon's Term Loan B floating rate converted to a fixed rate utilizing the prevailing US swap curve to arrive at the equivalent fixed rates that have similar duration to the lease payments. The incremental borrowing rate is applied to the tranches of leases based on lease term, regardless of the asset class. For the year ended December 31, 2019, the weighted average remaining lease term and discount rate were 7 years and 4.5%, respectively.

The components of lease expense is as follows:

	<b>Year Ended December 31 2019</b>
(In millions)	
Operating lease cost (includes immaterial variable lease costs)	\$ (41)
Short-term lease cost	(1)
Sublease income	5
<b>Total lease cost</b>	<b>\$ (37)</b>

Other information related to leases is as follows:

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

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

(In millions)	
2020	\$ 36
2021	29
2022	26
2023	24
2024	22
2025 and thereafter	58
<b>Total future minimum lease payments</b>	<b>195</b>
Less imputed interest	(26)
<b>Total lease liabilities</b>	<b>\$ 169</b>

## NOTE 12. Debt

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

(In millions)	Weighted Average Interest Rate		Carrying Value	
	2019	2018	2019	2018
<b>Short-Term Debt:</b>				
Short-term borrowings	4.3%	4.8%	\$ 37	\$ 57
<b>Long-Term Debt:</b>				
Term facility due March 24, 2024	3.2%	3.2%	\$ 348	\$ 348

### Short-Term Debt

Short-term borrowings are primarily related to the Company's non-U.S. joint venture and are payable in Chinese Renminbi.

Available borrowings on outstanding affiliate credit facilities as of December 31, 2019, are approximately \$73 million and certain of these facilities have pledged assets as security.

### Long-Term Debt

As of December 31, 2016, the Company had an amended credit agreement (the "Credit Agreement") which included a \$350 million Term Facility maturing April 9, 2021 and a Revolving Credit Facility with capacity of \$200 million maturing April 9, 2019.

During 2017, the Company entered into a second amendment of the Credit Agreement to, among other things, extend the maturity dates of both facilities by three years and increase the Revolving Credit Facility capacity to \$300 million. The amended Revolving Credit Facility and the amended Term Facility were extended to mature on March 24, 2022 and March 24, 2024, respectively. The amendment reduced the LIBOR spread applicable to both the Revolving Credit Facility and the Term Facility by 0.50% and reduced the LIBOR floor related to the Term Facility from 0.75% to 0.00%.

During 2017, the Company entered into a third amendment to the Credit Agreement. This amendment reduced the margin applicable to loans under the amended Term Facility. The Amendment did not modify any terms specifically pertaining to the Revolving Credit Facility.

During 2018, the Company entered into a fourth amendment of its Credit Agreement to further reduce the margin on applicable to loans under the Term Facility. At the Company's option, Term Facility loans under the amended Credit Agreement shall accrue interest at a rate equal to the applicable annualized domestic base rate plus an applicable margin of 0.75% or the LIBOR-based rate plus an applicable margin of 1.75% per annum.

On December 19, 2019, the Company executed a fifth amendment of its Credit Agreement. The amendment makes certain modifications specifically pertaining to the Revolving Credit Facility, including an extension of the facility's maturity date to December 24, 2024 and an increase in aggregate principal amount committed under the facility to \$400 million.

The Company is required to pay accrued interest on any outstanding principal balance under the Credit Agreement with a frequency of the lesser of the LIBOR tenor or every three months. Any outstanding principal is due upon the applicable maturity date. The Company may also terminate or reduce any amounts outstanding under the Credit Agreement, in whole or in part, upon three business days' notice.

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.

The Credit Agreement requires the Company and its subsidiaries to comply 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 shall be suspended. As of December 31, 2019, the Company was in compliance with all its debt covenants.

All obligations under the Credit Agreement and obligations in respect of certain cash management services and swap agreements with the lenders and their affiliates 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 (subject to certain exceptions) on substantially all property of the Company and the subsidiaries party to the security agreement, subject to certain limitations.

In connection with the various amendments of the Credit Agreement, the Company recorded \$1 million of interest expense and deferred \$3 million of costs as a non-current asset. The deferred costs are being amortized over the term of the debt facilities. As of December 31, 2019, the Term Facility remains at \$350 million of aggregate principal and there were no outstanding borrowings under the Revolving Credit Facility.

#### *Other*

During 2017, the Company amended certain terms of its letter of credit facility. The amended agreement reduced the facility amount from \$15 million to \$5 million and extended the expiration date by three years to September 30, 2020. Under the agreement the Company is required to maintain a collateral account equal to 103% of the aggregate stated amount of issued letters of credit (or 110% for non-U.S. currencies) and must reimburse any amounts drawn under issued letters of credit. The Company had \$2 million of outstanding letters of credit issued under this facility secured by restricted cash, as of December 31, 2019 and 2018.

Additionally, the Company had \$14 million of locally issued letters of credit as of December 31, 2019 and 2018, to support various tax appeals, customs arrangements and other obligations at its local affiliates, of which less than \$1 million was secured by cash collateral for the years ended December 31, 2019 and 2018.

**NOTE 13. Other Liabilities**

Other current liabilities are summarized as follows:

(In millions)	December 31	
	2019	2018
Product warranty and recall accruals	\$ 34	\$ 34
Deferred income	22	16
Rents and royalties	19	14
Non-income taxes payable	17	13
Restructuring reserves	10	23
Joint venture payables	9	17
Income taxes payable	7	15
Dividends payable	3	3
Other	26	26
	<u>\$ 147</u>	<u>\$ 161</u>

Other non-current liabilities are summarized as follows:

(In millions)	December 31	
	2019	2018
Product warranty and recall accruals	\$ 15	\$ 14
Foreign currency hedges	14	18
Royalty agreements	13	—
Deferred income	9	14
Income tax reserves	5	6
Non-income tax reserves	1	5
Other	15	19
	<u>\$ 72</u>	<u>\$ 76</u>

During 2019 the Company amended royalty agreements, as part of cost reduction efforts, with certain suppliers. The Company recorded \$17 million in other current assets and \$11 million in other non-current assets, with an offsetting amount of \$20 million in accounts payable and \$13 million in other non-current liabilities as of December 31, 2019. The Company recorded approximately \$5 million of amortization during 2019 associated with such arrangements.

## NOTE 14. 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		
	2019	2018	2017	2019	2018	2017
<b>Costs Recognized in Income:</b>						
<b>Pension service cost:</b>						
Service cost	\$ —	\$ —	\$ —	\$ (2)	\$ (2)	\$ (2)
<b>Pension financing benefit (cost):</b>						
Interest cost	(30)	(27)	(29)	(8)	(8)	(9)
Expected return on plan assets	40	41	41	10	9	9
Amortization of losses and other	—	—	—	(1)	(2)	(2)
Settlements and curtailments	—	—	—	—	—	2
<b>Restructuring related pension cost:</b>						
Special termination benefits (a)	—	(2)	—	(1)	—	(2)
Net pension income (expense)	\$ 10	\$ 12	\$ 12	\$ (2)	\$ (3)	\$ (4)
<b>Weighted Average Assumptions:</b>						
Discount rate	4.33%	3.65%	4.12%	3.34%	3.28%	3.51%
Compensation increase	N/A	N/A	N/A	3.51%	3.62%	3.66%
Long-term return on assets	6.78%	6.74%	6.73%	4.73%	4.86%	5.24%

(a) Primarily related to restructuring actions

The Company previously recorded service cost with other components of net pension income (expense) in cost of sales and selling, general and administrative expenses. Adoption of ASU 2017-07, "Compensation - Retirement Benefits (Topic 715)," during 2018 resulted in the reclassification of pension financing benefits into "Other income (expense), net" for all periods presented.

The Company's total accumulated benefit obligations for all defined benefit plans was \$1,116 million and \$990 million as of December 31, 2019 and 2018, 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	
	2019	2018
Accumulated benefit obligation	\$ 1,088	\$ 813
Projected benefit obligation	\$ 1,107	\$ 818
Fair value of plan assets	\$ 830	\$ 582

Assumptions used by the Company in determining its defined benefit pension obligations as of December 31, 2019 and 2018 are summarized in the following table:

Weighted Average Assumptions	U.S. Plans		Non-U.S. Plans	
	2019	2018	2019	2018
Discount rate	3.34%	4.33%	2.39%	3.34%
Rate of increase in compensation	N/A	N/A	3.16%	3.51%

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	
	2019	2018	2019	2018
<b><u>Change in Benefit Obligation:</u></b>				
Benefit obligation — beginning	\$ 760	\$ 840	\$ 250	\$ 281
Service cost	—	—	2	2
Interest cost	30	27	8	8
Actuarial loss (gain)	88	(63)	40	(17)
Special termination benefits	—	2	1	—
Foreign exchange translation	—	—	4	(16)
Benefits paid and other	(40)	(46)	(5)	(8)
Benefit obligation — ending	\$ 838	\$ 760	\$ 300	\$ 250
<b><u>Change in Plan Assets:</u></b>				
Plan assets — beginning	\$ 567	\$ 647	\$ 200	\$ 220
Actual return on plan assets	102	(35)	26	(5)
Sponsor contributions	1	1	7	7
Foreign exchange translation	—	—	4	(14)
Benefits paid and other	(40)	(46)	(5)	(8)
Plan assets — ending	\$ 630	\$ 567	\$ 232	\$ 200
Total funded status at end of period	\$ (208)	\$ (193)	\$ (68)	\$ (50)
<b><u>Balance Sheet Classification:</u></b>				
Other non-current assets	\$ —	\$ —	\$ 3	\$ 4
Accrued employee liabilities	—	—	(2)	(1)
Employee benefits	(208)	(193)	(69)	(53)
Accumulated other comprehensive loss:				
Actuarial loss	79	53	50	27
Tax effects/other	(1)	—	(14)	(9)
	\$ 78	\$ 53	\$ 36	\$ 18

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, 2019 and 2018, are as follows:

(In millions)	U.S. Plans		Non-U.S. Plans	
	2019	2018	2019	2018
Actuarial loss (gain)	\$ 26	\$ 13	\$ 23	\$ (4)
Deferred taxes	(1)	—	(5)	1
Currency/other	—	—	1	—
Reclassification to net income	—	—	(1)	(2)
	\$ 25	\$ 13	\$ 18	\$ (5)

Actuarial losses for the year ended December 31, 2019 are primarily related to a decrease in discount rates partially offset by an increase in return on assets. Actuarial losses of \$2 million for the non-U.S. retirement plans are expected to be amortized to income during 2020. 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.

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
2020	\$ 40	\$ 6
2021	39	6
2022	40	7
2023	41	8
2024	40	10
Years 2025 - 2029	217	54

During the year ended December 31, 2019, cash contributions to the Company's U.S. defined benefit plans were \$1 million and non-U.S. defined benefit pension plans were \$7 million. Additionally, the Company expects to make contributions to its U.S. defined benefit pension plans of \$19 million and non-US defined benefit pension plans of \$7 million during 2020. The Company's expected 2020 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 relatively long time horizon of these 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, 2019 and 2018 and target allocation for 2020 are as follows:

	Target Allocation		Percentage of Plan Assets			
	U.S.	Non-U.S.	U.S.		Non-U.S.	
	2020	2020	2019	2018	2019	2018
Equity securities	38%	34%	37%	30%	38%	27%
Fixed income	15%	43%	18%	18%	39%	41%
Alternative strategies	46%	14%	44%	51%	14%	19%
Cash	1%	3%	1%	1%	4%	8%
Other	—%	6%	—%	—%	5%	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 18, "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 0.45% to 8.95% to determine its pension and other benefit obligations as of December 31, 2019, including weighted average discount rates of 3.34% for U.S. pension plans and 2.39% 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. The expense related to all matching contributions was approximately \$8 million in 2019, \$7 million in 2018, and \$8 million in 2017.

#### *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 as of December 31, 2019 and 2018.

### **NOTE 15. 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		
	2019	2018	2017
<b><u>Income (Loss) Before Income Taxes: (a)</u></b>			
U.S.	\$ 5	\$ 76	\$ 84
Non-U.S.	95	127	132
Total income before income taxes	<u>\$ 100</u>	<u>\$ 203</u>	<u>\$ 216</u>
<b><u>Current Tax Provision:</u></b>			
Non-U.S.	\$ 29	42	\$ 42
<b><u>Deferred Tax Provision (Benefit):</u></b>			
Non-U.S.	(5)	1	6
Total deferred tax provision (benefit)	<u>(5)</u>	<u>1</u>	<u>6</u>
Provision for income taxes	<u>\$ 24</u>	<u>\$ 43</u>	<u>\$ 48</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% for 2019 and 2018, and 35% for 2017 and the consolidated income tax provision from continuing operations is shown below:

(In millions)	Year Ended December 31		
	2019	2018	2017
Tax provision (benefit) at U.S. statutory rate of 21% for 2019 and 2018, and 35% for 2017	\$ 21	\$ 43	\$ 76
Impact of foreign operations	23	16	(5)
Non-U.S. withholding taxes	10	14	15
Tax holidays in foreign operations	(5)	(5)	(7)
State and local income taxes	—	3	(1)
Tax reserve adjustments	2	(6)	(14)
Change in valuation allowance	(10)	(81)	(270)
Impact of U.S. tax reform	(18)	33	250
Impact of tax law change	—	35	5
Research credits	(1)	(5)	(1)
Other	2	(4)	—
Provision for income taxes	<u>\$ 24</u>	<u>\$ 43</u>	<u>\$ 48</u>

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 include, but are 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 institutes 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 earnings of foreign subsidiaries. As of December 31, 2017, the Company calculated its best estimate of the impact of the Act in its year-end income tax provision in accordance with the guidance available as described below. 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. At December 31, 2018, the Company had completed its accounting for the tax effects of the Act summarized as follows:

- As a result of the Act, the Company remeasured its U.S. federal deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future. The Company recorded a cumulative income tax charge of \$267 million (less than \$1 million income tax charge in 2018 and \$267 million income tax charge in 2017); the impact of which was entirely offset by a corresponding income tax benefit associated with a reduction in the U.S. valuation allowance in those years.
- The Act requires a mandatory deemed repatriation of post-1986 undistributed foreign earnings, which results in a one-time transition tax. The Company recorded a cumulative charge of \$52 million (\$33 million in 2018 and \$19 million charge in 2017) related to the one-time transition tax, which was partially offset by the \$36 million reversal of the Company’s existing deferred tax liability (net of foreign tax credits) associated with repatriation of unremitted foreign earnings. The cumulative \$16 million income tax charge was entirely offset by a corresponding income tax benefit associated with a reduction in the U.S. valuation allowance in those years.
- For tax years beginning after December 31, 2017, the Act introduces new provisions for U.S. taxation of certain global intangible low-taxed income (“GILTI”). The Company has made the policy election to record any liability associated with GILTI in the period in which it is incurred.

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. Other items impacting the Company’s 2019 effective tax rate include the unfavorable impact of foreign operations of \$23 million which reflects a \$6 million unfavorable variance due to income taxes 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 \$18 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.

Other items impacting the Company's 2018 effective tax rate include the unfavorable impact of foreign operations of \$16 million which reflects a \$8 million unfavorable variance due to income taxes 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.

Other items impacting the Company's 2017 effective tax rate include the favorable impact of foreign operations of \$5 million which includes a \$34 million favorable variance due to income taxes on foreign earnings taxed at rates lower than the U.S. statutory rate partially offset by \$29 million related to U.S. income taxes in connection with repatriation of earnings, excluding the transition tax on the deemed repatriation of foreign earnings described above, entirely offset by a corresponding \$29 million decrease in the U.S. valuation allowance. Tax reserve adjustments of \$14 million primarily reflects the \$16 million decrease in uncertain tax benefits in connection with the Internal Revenue Service completing its audit during the first quarter of 2017 which was fully offset by the U.S. valuation allowance, while adverse tax reserve adjustments of \$2 million related to various matters in the U.S. and India for which the uncertainty is expected to be resolved while a full valuation allowance is maintained, and thus, are entirely offset by a corresponding reduction in the valuation allowance. The \$5 million unfavorable impact of tax law change in 2017 (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 rates in France and Argentina, which were entirely offset by the related valuation allowances in those jurisdictions.

#### *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 \$26 million and \$21 million as of December 31, 2019 and 2018, 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 need to maintain valuation allowances against deferred tax assets in the U.S. and other affected countries will cause variability in the Company's quarterly and annual effective tax rates. Full valuation allowances against deferred tax assets in the U.S. and applicable foreign countries will be maintained until sufficient positive evidence exists to reduce or eliminate them. The factors considered by management in its determination of the probability of the realization of the deferred tax assets include, but are not limited to, recent historical financial results, historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences, tax planning strategies and projected future impacts attributable to the Act. If, based upon the weight of available evidence, it is more likely than not the deferred tax assets will not be realized, a valuation allowance is recorded. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses, in particular, when there is a cumulative loss incurred over a three-year period. However, the three-year loss position is not solely determinative and, accordingly, management considers all other available positive and negative evidence in its analysis. In regards to the full valuation allowance recorded against the U.S. net deferred tax assets, despite recent improvement in the U.S. financial results, management concluded that the weight of negative evidence continues to outweigh the positive evidence, in part attributable to the reduction in the U.S. profitability during 2019, as well as the expectation that global production volumes are expected to continue to decline in 2020. These factors contribute to the relative uncertainty surrounding the ability that the U.S. operations will demonstrate sustained profitability in the future. Additionally, the Company has made a policy election to apply the incremental cash tax savings approach when analyzing the impact GILTI could have on its U.S. valuation allowance assessment. As a result of future expected GILTI inclusions, and because of the Act's ordering rules, U.S. companies may now expect to utilize tax attribute carryforwards (e.g. net operating losses and foreign tax credits) for which a valuation allowance has historically been recorded (this is referred to as the "tax law ordering approach"). However, due to the mechanics of the GILTI rules, companies that have a GILTI inclusion may realize a reduced (or no) cash tax savings from utilizing such tax attribute carryforwards (this view is referred to as the "incremental cash tax savings approach"). These positions, along with management's analysis of all other

available evidence, resulted in the conclusion that the Company maintain the valuation allowance against deferred tax assets in the U.S. Based on the Company's current assessment, it is possible that within the next 12 to 24 months, the existing valuation allowance against the U.S. net deferred tax assets could be partially released. Any such release is dependent upon the sustained improvement in U.S. operating results, and, if such a release of the valuation allowance were to occur, it could have a significant impact on net income in the quarter in which it is deemed appropriate to partially release the reserve.

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

(In millions)	December 31	
	2019	2018
<b>Deferred Tax Assets:</b>		
Net operating losses and credit carryforwards	\$ 1,099	\$ 1,090
Employee benefit plans	73	64
Lease liability	55	—
Fixed assets and intangibles	14	9
Warranty	11	10
Inventory	9	9
Restructuring	5	8
Capitalized expenditures for tax reporting	5	3
Deferred income	4	5
Other	55	57
Valuation allowance	(1,132)	(1,144)
Total deferred tax assets	\$ 198	\$ 111
<b>Deferred Tax Liabilities:</b>		
Outside basis investment differences, including withholding tax	\$ 64	\$ 57
Right-of-use assets	54	—
Fixed assets and intangibles	16	17
All other	32	15
Total deferred tax liabilities	166	89
Net deferred tax assets (liabilities)	\$ 32	\$ 22
<b>Consolidated Balance Sheet Classification:</b>		
Other non-current assets	\$ 59	\$ 45
Deferred tax liabilities non-current	27	23
Net deferred tax assets (liabilities)	\$ 32	\$ 22

At December 31, 2019, the Company had available non-U.S. net operating loss carryforwards and capital loss carryforwards of \$1.5 billion and \$17 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 \$1.4 billion at December 31, 2019, which will expire at various dates between 2028 and 2034. U.S. foreign tax credit carryforwards are \$385 million at December 31, 2019. These credits will begin to expire in 2022. U.S. research tax credit carryforwards are \$20 million at December 31, 2019. These credits will begin to expire in 2030. The Company had available tax-effected U.S. state operating loss carryforwards of \$30 million at December 31, 2019, which will expire at various dates between 2020 and 2039.

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 that are not subject to any current limitation since they were realized after the Effective Date.

As of December 31, 2019, valuation allowances totaling \$1.1 billion have been recorded against the Company's deferred tax assets. Of this amount, \$768 million relates to the Company's deferred tax assets in the U.S. and \$364 million relates to deferred tax assets in certain foreign jurisdictions, primarily Germany and France.

### 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, 2019 and 2018 were \$13 million and \$10 million, respectively. Of these amounts, approximately \$6 million and \$4 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, 2019 and 2018 was \$2 million in both years.

During 2019, the Company recorded uncertain tax positions 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 and other tax attributes carried forward into open tax years technically remain open to adjustment. During the first quarter of 2018, the IRS informed the Company that the 2016 tax year would be added to the ongoing examination of the Company's U.S. tax returns for 2014 and 2015. Although it is not possible to predict the timing of the resolution of all other ongoing tax audits with accuracy, it is reasonably possible that certain tax proceedings in 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 \$5 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 sheet.

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	
	2019	2018
Beginning balance	\$ 10	\$ 18
Tax positions related to current period		
Additions	3	—
Tax positions related to prior periods		
Additions	1	—
Reductions	(1)	(4)
Lapses in statute of limitations	—	(4)
Ending balance	\$ 13	\$ 10

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 \$14 million, as of December 31, 2019. 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 \$18 million as of December 31, 2019, and are included in Other non-current assets on the consolidated balance sheet.

#### **NOTE 16. Stockholders' Equity and Non-controlling Interests**

##### *Share Repurchase Program*

In 2017, the Company purchased a total of 1,978,144 shares of Visteon common stock at an average price of \$101.10 for an aggregate purchase amount of \$200 million, pursuant to various programs with third-party financial institutions.

In 2018, the Company purchased a total of 2,805,531 shares of Visteon common stock at an average price of \$106.92 for an aggregate purchase amount of \$300 million pursuant to various programs with third-party financial institutions.

In 2019, the Company purchased a total of 322,120 shares of Visteon common stock at an average price of \$62.06 for an aggregate purchase amount of \$20 million pursuant to various programs with third-party financial institutions.

As of December 31, 2019, the Company has the capacity to repurchase up to an additional \$380 million of the Company's shares under the Board authorization that expires on December 31, 2020. The Company anticipates that additional repurchases of common stock, if any, would occur from time to time in open market transactions or in privately negotiated transactions depending on market and economic conditions, share price, trading volume, alternative uses of capital and other considerations.

##### *Treasury Stock*

As of December 31, 2019 and 2018, respectively, the Company held 27,044,003 and 26,817,543 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	
	2019	2018
Yanfeng Visteon Automotive Electronics Co., Ltd.	\$ 56	\$ 56
Shanghai Visteon Automotive Electronics Co., Ltd.	41	43
Changchun Visteon FAWAY Automotive Electronics Co., Ltd.	17	15
Other	1	3
	<u>\$ 115</u>	<u>\$ 117</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 expiring October 1, 2020 at an exercise price of \$9.66 per share. As of December 31, 2019, 2018, and 2017 there are 909 warrants outstanding. The warrants may be net share settled and are recorded as permanent equity in the Company's consolidated balance sheets. These warrants were valued at \$15.00 per share on the October 1, 2010 issue date using the Black-Scholes option pricing model.

Pursuant to the Ten Year Warrant Agreement, the original exercise price of \$9.66 for the ten year warrants is subject to adjustment as a result of the special distribution of \$43.40 per share to shareholders at the beginning of 2016. The new exercise price for each of the remaining 909 ten year warrants outstanding as of December 31, 2019 is reduced to a nominal \$0.01 and each warrant is entitled to approximately 1.4 shares of stock upon exercise based on share price as of December 31, 2019.

## Restricted Net Assets

Restricted net assets related to the Company's non-consolidated affiliates were approximately \$43 million and \$38 million, respectively as of December 31, 2019 and 2018. Restricted net assets related to the Company's consolidated subsidiaries were approximately \$196 million and \$177 million, respectively as of December 31, 2019 and 2018. Restricted net assets of consolidated subsidiaries are attributable to the Company's consolidated joint ventures in China, where certain regulatory requirements and governmental restraints result in significant restrictions on the Company's consolidated subsidiaries ability to transfer funds to the Company.

## Accumulated Other Comprehensive Income (Loss)

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

(In millions)	Year Ended December 31	
	2019	2018
<b>Changes in AOCI:</b>		
Beginning balance	\$ (216)	\$ (174)
Other comprehensive loss before reclassification, net of tax	(46)	(42)
Amounts reclassified from AOCI	(5)	—
Ending balance	<u>\$ (267)</u>	<u>\$ (216)</u>
<b>Changes in AOCI by component:</b>		
<i>Foreign currency translation adjustments</i>		
Beginning balance	\$ (142)	\$ (100)
Other comprehensive loss before reclassification (a)	(11)	(42)
Ending balance	<u>(153)</u>	<u>(142)</u>
<i>Net investment hedge</i>		
Beginning balance	(5)	(12)
Other comprehensive income before reclassification (a)	15	9
Amounts reclassified from AOCI (b)	(6)	(2)
Ending balance	<u>4</u>	<u>(5)</u>
<i>Benefit plans</i>		
Beginning balance	(71)	(63)
Other comprehensive loss before reclassification, net of tax (c)	(44)	(10)
Amounts reclassified from AOCI	1	2
Ending balance	<u>(114)</u>	<u>(71)</u>
<i>Unrealized hedging gain (loss)</i>		
Beginning balance	2	1
Other comprehensive income (loss) before reclassification, net of tax (d)	(6)	1
Ending balance	<u>(4)</u>	<u>2</u>
AOCI ending balance	<u>\$ (267)</u>	<u>\$ (216)</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 14, "Employee Benefit Plans" for additional details.) Net of tax benefit of \$5 million, and tax expense of \$1 million related to benefit plans for the years ended December 31, 2019 and 2018, respectively.

(d) There were no income tax effects for the period ended December 31, 2019, while net tax expense of less than \$1 million million related to unrealized hedging gain (loss) for the year ended December 31, 2018.

**NOTE 17. Stock-Based Compensation**

The Visteon Corporation 2010 Incentive Plan (the "2010 Incentive Plan") provides 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. 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 on a net settlement basis, as determined by the recipient. 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 2010 Incentive Plan and 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.

On June 7, 2018, the Company modified the accounting for certain cash settled stock-based compensation Restricted Stock Units ("RSUs") for non-employee directors of the Company. These awards, previously subject to liability accounting, are now expected to settle in stock. The liability of \$6 million related to these awards has been reclassified to shareholders' equity as of June 30, 2018 and will be subject to equity method accounting going forward.

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, 2019
	2019	2018	2017	
Performance based share units	\$ 6	\$ (2)	\$ 6	\$ 8
Restricted stock units	9	8	11	8
Stock options	2	2	2	1
Total stock-based compensation expense	\$ 17	\$ 8	\$ 19	\$ 17

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 23, "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 employee activity for PSUs is provided below:

	PSUs	Weighted Average Grant Date Fair Value
	(In thousands)	
Non-vested as of December 31, 2016	414	\$ 51.94
Granted	78	110.66
Vested	(16)	90.45
Forfeited	(15)	103.72
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

The grant date fair value for PSUs was determined using the Monte Carlo valuation model. Unrecognized compensation expense as of December 31, 2019 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 and \$1 million for PSUs expected to be settled in cash during the years ended December 31, 2019 and 2018, respectively. Unrecognized compensation expense as of December 31, 2019 was less than \$1 million for the non-vested portion of these awards and will be recognized over the remaining vesting period of approximately 1.7 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. 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, 2019 and 2018 are as follows:

	Year Ended December 31	
	2019	2018
Expected volatility	31.2%	24.1%
Risk-free rate	2.43%	2.33%
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 as traded on the public stock exchange 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 133,000, 70,000 and 76,000 RSUs, expected to be settled in shares, during the years ended December 31, 2019, 2018 and 2017, respectively, at a weighted average grant date fair value of \$79.88, \$123.52 and \$94.51 per share, respectively. Unrecognized compensation expense as of December 31, 2019 was \$8 million for non-vested RSUs and will be recognized over the remaining vesting period of approximately 1.5 years.

The Company granted 8,000 and 23,000 RSUs, expected to be settled in cash, during the years ended December 31, 2019 and 2017, respectively, at weighted average grant date fair values of \$75.02 and \$95.45 per share, respectively. The Company made cash settlement payments of less than \$1 million, less than \$1 million and \$1 million during the years ended December 31, 2019, 2018 and 2017, respectively. Unrecognized compensation expense as of December 31, 2019 was less than \$1 million for non-vested RSUs and will be recognized on a weighted average basis over the remaining vesting period of approximately 1.6 years.

A summary of employee activity for RSUs is provided below:

	RSUs	Weighted Average Grant Date Fair Value
Non-vested as of December 31, 2016	170	\$ 83.30
Granted	99	94.73
Vested	(29)	83.46
Forfeited	(10)	83.66
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

Additionally, as of December 31, 2019, the Company has 82,000 outstanding RSUs awarded at a weighted average grant date fair value of \$102.84 under the Non-Employee Director Stock Unit Plan which vest immediately but are not stock settled until the participant terminates service.

#### *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 at which the Company's common stock was traded on the public stock exchange 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 less than \$1 million, \$3 million and \$2 million related to the exercise of stock options with total intrinsic value of options exercised of less than \$1 million, \$2 million and \$1 million during the years ended December 31, 2019, 2018 and 2017, respectively. Unrecognized compensation expense for non-vested Stock Options and SARs as of December 31, 2019 was approximately \$1 million and less than \$1 million, respectively, and are expected to be recognized over a weighted average period of 1.5 years and less than 1.0 year, respectively.

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.

Weighted average assumptions used to estimate the fair value of awards granted during the years ended December 31, 2019, 2018 and 2017 are as follows:

	Stock Options			SARs		
	2019	2018	2017	2019	2018	2017
Expected term (in years)	5	5	5	N/A	N/A	5
Expected volatility	27.69%	22.95%	27.31%	N/A	N/A	27.31%
Risk-free interest rate	2.43%	2.58%	2.03%	N/A	N/A	2.03%

A summary of employee activity for Stock Options and SARs is provided below:

	Stock Options	Weighted Average Exercise Price	SARs	Weighted Average Exercise Price
	(In thousands)		(In thousands)	
December 31, 2016	115	\$ 68.37	13	\$ 51.10
Granted	84	94.77	2	94.77
Exercised	(26)	65.79	(7)	44.33
Forfeited or expired	(7)	77.36	—	59.59
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
Exercisable at December 31, 2019	129	\$ 91.65	6	\$ 70.05

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	7	2.1	\$ 54.80
\$60.01 - \$80.00	48	3.3	\$ 72.89
\$80.01 - \$100.00	166	5.3	\$ 87.40
\$100.01 - \$130.00	69	5.3	\$ 124.35
	290		

Tables above are reflective of the modified exercise price for stock options and SARs due to the special distribution of \$43.40 in January 2016, where applicable.

## NOTE 18. 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:

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

(In millions)	December 31, 2018				
	Level 1	Level 2	Level 3	NAV	Total
<b>Asset Category:</b>					
Retirement plan assets	\$ 112	\$ 271	\$ 14	\$ 370	\$ 767
Foreign currency instruments	\$ —	\$ 1	\$ —	\$ —	\$ 1
<b>Liability Category:</b>					
Foreign currency instruments	\$ —	\$ 16	\$ —	\$ —	\$ 16
Interest rate swaps	\$ —	\$ 2	\$ —	\$ —	\$ 2

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, 2019			
	Level 1	Level 2	NAV	Total
Registered investment companies	\$ 3	\$ —	\$ —	\$ 3
Common and preferred stocks	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

(In millions)

Asset Category	December 31, 2018			
	Level 1	Level 2	NAV	Total
Registered investment companies	\$ 3	\$ —	\$ —	\$ 3
Common trust funds	—	100	127	227
LDI	—	104	—	104
Common and preferred stock	22	—	—	22
Limited partnerships and hedge funds	—	—	205	205
Cash and cash equivalents	—	6	—	6
Total	\$ 25	\$ 210	\$ 332	\$ 567

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

(In millions)

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

(In millions)

Asset Category	December 31, 2018				
	Level 1	Level 2	Level 3	NAV	Total
Registered investment companies	\$ 29	\$ 17	\$ —	\$ —	\$ 46
Treasury and government securities	50	24	—	—	74
Cash and cash equivalents	6	—	—	—	6
Corporate debt securities	—	3	—	—	3
Common and preferred stock	2	—	—	—	2
Common trust funds	—	22	—	21	43
Limited partnerships	—	—	—	17	17
Insurance contracts	—	—	14	—	14
Derivative instruments	—	(5)	—	—	(5)
Total	\$ 87	\$ 61	\$ 14	\$ 38	\$ 200

The change in fair value of insurance contracts which used significant unobservable inputs was primarily due to purchases during the years ended December 31, 2019 and 2018.

#### *Items Measured at Fair Value on a Non-recurring Basis*

In addition to items that are measured at fair value on a 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. The Company utilized a third party to assist in the fair value determination of the purchase price allocation for the VFAE Acquisition. Management's allocation of fair values to asset and liabilities was completed through a combination of cost, market and income approaches. As further described in Note 8, "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. As further described in Note 21, "Divestitures", the fair value of the assets subject to the France Transaction was less than carrying value and therefore, the long-lived assets were reduced to zero and impairment charges of \$13 million were recorded in the year ended December 31, 2017.

#### *Fair Value of Debt*

The fair value of debt, excluding amounts classified as held for sale, was approximately \$390 million and \$388 million as of December 31, 2019 and 2018, 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.

#### *Investments*

In the fourth quarter of 2018, the Company made an equity investment of \$1 million in a private radar imaging firm for an ownership interest of 12.5%. This investment does not have a readily determinable fair value and is measured at cost, less impairments, adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer.

During the year end December 31, 2019, there were no material transactions, events or changes in circumstances requiring an impairment or an observable price change adjustment to the investment. The Company continues to monitor this investment to identify potential transactions which may indicate an impairment or an observable price change requiring an adjustment to its carrying value.

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. As of December 31, 2019 and December 31, 2018, the Company contributed approximately \$3 million and \$1 million, respectively. The Company does not have significant influence in either partnership. These investments are carried at cost and evaluated for impairment on an annual basis.

#### **NOTE 19. 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 up to 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 counter-party 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*

The Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction, including designation



of the instrument as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign operation. Additionally, at inception and at least quarterly thereafter, the Company formally assesses whether the financial instruments that are used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposure.

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 sheet. When the underlying hedged transaction is realized, the gain or loss previously included in AOCI is recorded in earnings and reflected in the consolidated statement 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 statement 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 sheet. 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.

#### *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.

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.

*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.

The Company had foreign currency hedge economic derivative instruments, with notional amounts of approximately \$8 million and \$23 million as of December 31, 2019 and 2018, respectively. The fair value of all derivatives was a liability of less than \$1 million and an asset of \$1 million as of December 31, 2019 and 2018, 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, 2019 and 2018, 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 \$6 million and \$16 million as of December 31, 2019 and 2018, respectively. The amount of accumulated other income expected to be reclassified into earnings within the next 12 months is a gain of approximately \$7 million.

### 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, 2019 and 2018, the Company had an aggregate notional value of interest rate swap transactions of \$250 million. The aggregate fair value of these derivative transactions as of December 31, 2019 and 2018, was a non-current liability of approximately \$7 million and \$2 million, respectively. As of December 31, 2019, a gain of approximately \$3 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, 2019 and 2018 are as follows:

	Amount of Gain (Loss)					
	Recorded Income (Loss) in AOCI, net of tax		Reclassified from AOCI into Income (Loss)		Recorded in Income (Loss)	
	2019	2018	2019	2018	2019	2018
(In millions)						
<b>Foreign currency risk – Sales:</b>						
Non-designated cash flow hedges	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —
<b>Foreign currency risk – Cost of sales:</b>						
Cash flow hedges	—	—	—	1	—	—
Non-designated cash flow hedges	—	—	—	—	(1)	2
<b>Interest rate risk - Interest expense, net:</b>						
Net investment hedges	15	9	6	2	—	—
Interest rate swap	(6)	1	—	(1)	—	—
	<u>\$ 9</u>	<u>\$ 10</u>	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</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, 2019 and 2018 is not material.

The following is a summary of the percentage of 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, 2019	December 31, 2018
	2019	2018	2017		
Ford	22%	26%	28%	12%	14%
Mazda	14%	18%	17%	5%	9%
Renault/Nissan	13%	12%	14%	13%	11%

## NOTE 20. Business Acquisitions

### *VFAE Acquisition*

On September 1, 2018, the Company invested approximately \$300,000 and acquired an additional 1% ownership in 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. The Company made this additional investment as part of its long-term strategic plan for VFAE. The investment will contribute to the business growth and enhanced economic performance of VFAE by leveraging Visteon's manufacturing technology and engineering capabilities.

The VFAE acquisition has been accounted for as a purchase transaction. The total consideration, including the \$300,000 paid and the fair value of the original 50% interest, has been allocated to the assets acquired, liabilities assumed and non-controlling shareholder interest based on their representative value at September 1, 2018. The excess consideration over the estimated fair value of the net assets acquired has been allocated to goodwill. The operating results of VFAE have been included in the consolidated financial statements of the Company since the date of the transaction.

A summary of the fair value of the assets acquired and liabilities assumed in conjunction with the transaction is shown below (in millions):

Assets Acquired		Liabilities Assumed	
Cash and equivalents	\$ 16	Payable to Visteon Corporation	\$ 9
Accounts receivable, net	12	Accounts payable	6
Inventories, net	4	Other current liabilities	5
Other current assets	6	Income taxes payable	1
Property and equipment, net	5	Other non-current liabilities	2
Intangible assets including goodwill	9	Total liabilities assumed	23
Other non-current assets	1	Non-controlling interest	15
Total assets acquired	\$ 53	Visteon Corporation Consideration	\$ 15

The Company utilized a third party to assist in the fair value determination of certain components of the purchase price allocation, primarily intangible assets and non-controlling interest, as well as the fair value of the Company's original 50% equity investment.

Fair values of equity investment and non-controlling interest, as of the acquisition date were estimated using the discounted cash flow technique of the income approach. Fair values of intangible assets were based on the excess earning method of the income approach. The income approach requires the Company to project related future cash inflows and outflows and apply an appropriate discount rate. The estimates used in determining fair values are based on assumptions believed to be reasonable but which are inherently uncertain.

In 2018, in connection with its increased investment in VFAE, the Company recorded a gain of approximately \$4 million on its original investment, classified as "Other income (expense), net" in the consolidated income statement.

The acquisition does not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

## NOTE 21. Divestitures

### *France Transaction*

On December 1, 2017, the Company completed an asset sale related to an Electronics facility in France to a third party (the "France Transaction"). In connection with the France Transaction, the Company recorded pre-tax losses of approximately \$33 million including a cash contribution of \$13 million, long-lived asset impairment charges \$13 million and other working capital and transaction related impacts of \$7 million.

The Company entered into certain other agreements upon closing, including a transition agreement (pursuant to which the parties will provide certain transition services for a specified period following the closing), a manufacturing agreement (pursuant to which

the buyer will provide manufacturing services to Visteon), and a sourcing agreement (pursuant to which Visteon commits to a minimum purchase value for a two year period for prototypes and production equipment).

## NOTE 22. Discontinued Operations

During 2014 and 2015, the Company completed the Interiors Divestiture and the 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 and comprehensive income.

Discontinued operations are summarized as follows:

(In millions)	Year Ended December 31		
	2019	2018	2017
Sales	\$ —	\$ —	\$ —
Cost of sales	(2)	(5)	—
Gross margin	(2)	(5)	—
Selling, general and administrative expenses	—	(1)	—
Gain on Climate Transaction	—	4	7
Gain on Interiors Divestiture	—	—	8
Restructuring expense	1	(1)	—
Income (loss) from discontinued operations before income taxes	(1)	(3)	15
Benefit for income taxes	—	4	2
Net income (loss) from discontinued operations attributable to Visteon	\$ (1)	\$ 1	\$ 17

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 23, "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.

In connection with the Climate Transaction, the Company completed the repurchase of the electronics operations located in India during the first quarter of 2017 for \$47 million, recognizing a \$7 million gain on settlement of purchase commitment contingencies. The Company had previously consolidated the India operations based on the Company's controlling financial interest as a result of the repurchase obligation, operating control, and the obligation to fund losses or benefit from earnings.

In connection with the Interiors Divestiture, the Company negotiated a settlement with the Buyer for certain non-income tax items and recognized a gain on divestiture of \$7 million for the year ended December 31, 2017.

## NOTE 23. 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 (expense), net" of \$4 million, and a benefit to discontinued operations of \$3 million.

In November 2013, the Company and Halla Visteon 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, 2019, the Company maintained accruals of approximately \$11 million for claims aggregating approximately \$78 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 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. The Company can provide no assurances that it will not experience material claims in the future or that it will not incur significant costs to defend or settle such claims beyond the amounts accrued or beyond what the Company may recover from its suppliers. Specific cause actions represent customer actions related to defective supplier parts and related software.

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

(In millions)	Year Ended December 31	
	2019	2018
Beginning balance	\$ 48	\$ 49
Accruals for products shipped	20	19
Change in estimates	(2)	(5)
Specific cause actions	6	9
Currency/other	(1)	2
Settlements	(22)	(26)
Ending balance	\$ 49	\$ 48

#### *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, 2019, the Company has approximately \$5 million and \$1 million of outstanding guarantees, related to the divested Climate and Interiors entities, respectively. These guarantees will generally cease upon expiration of current lease agreement which expire in 2026 and 2021 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, 2019 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 24. Summary Quarterly Financial Data (Unaudited)**

The following table presents summary quarterly financial data:

(In millions, except per share amounts)	2019				2018			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales	\$ 737	\$ 733	\$ 731	\$ 744	\$ 814	\$ 758	\$ 681	\$ 731
Gross margin	66	70	84	104	129	104	82	96
Income from continuing operations before income taxes	11	16	31	48	88	49	32	47
Net income from continuing operations	16	8	18	40	67	37	23	46
Net income	16	8	18	39	69	36	24	45
Net income attributable to Visteon Corporation	\$ 14	\$ 7	\$ 14	\$ 35	\$ 65	\$ 35	\$ 21	\$ 43
<b>Per Share Data:</b>								
Basic earnings per share attributable to Visteon Corporation	\$ 0.50	\$ 0.25	\$ 0.50	\$ 1.24	\$ 2.14	\$ 1.19	\$ 0.71	\$ 1.50
Diluted earnings per share attributable to Visteon Corporation	\$ 0.49	\$ 0.25	\$ 0.50	\$ 1.24	\$ 2.11	\$ 1.17	\$ 0.71	\$ 1.49

The fourth quarter ended December 31, 2018, net income from continuing operations, net income, and net income attributable to Visteon Corporation includes expense of approximately \$8 million, \$11 million and \$11 million, respectively, for corrections of judicial deposits related to former employees at a closed plant in Brazil.

**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 Interim Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

At December 31, 2019, 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 Interim Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2019.

*Internal Control over Financial Reporting*

Management's report on internal control over financial reporting is presented in Item 8 "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, 2019. There were no changes in the Company's internal control over financial reporting during the three months ended December 31, 2019 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 2020 Proxy Statement. The information required by Item 10 regarding its executive officers appears as Item 4A under Part I of this Report.

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 Interim 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](http://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 2020 Proxy Statement.



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

Except as set forth herein, 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 2020 Proxy Statement.

The following table summarizes information as of December 31, 2019 relating to its equity compensation plans pursuant to which grants of stock options, stock appreciation rights, stock rights, restricted stock, restricted stock units and other rights to acquire shares of its common stock may be made from time to time.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)(1)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	769,080	\$ 93.03	1,379,391
Equity compensation plans not approved by security holders	—	\$ —	—
Total	769,080	\$ 93.03	1,379,391

- (1) Comprised of stock options, stock appreciation rights, which may be settled in stock or cash at the election of the Company, and outstanding restricted stock and performance stock units, which may be settled in stock or cash at the election of the Company without further payment by the holder, granted pursuant to the Visteon Corporation 2010 Incentive Plan, the Non-Employee Director Stock Unit Plan, and the Deferred Compensation Plan for Non-Employee Directors. The weighted-average exercise price of outstanding options, warrants and rights does not take into account restricted stock or performance stock units that will be settled without any further payment by the holder.

**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 2020 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 2020 Proxy Statement.

## Part IV

### Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. *Financial Statements*

See “Index to Consolidated Financial Statements” in Part II, Item 8 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 100 hereof are filed with this report 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
<b>Year Ended December 31, 2019:</b>					
Allowance for doubtful accounts	\$ 6	\$ 5	\$ (1)	\$ —	\$ 10
Valuation allowance for deferred taxes	1,144	(10)	—	(2)	1,132
<b>Year Ended December 31, 2018:</b>					
Allowance for doubtful accounts	\$ 8	\$ 2	\$ (4)	\$ —	\$ 6
Valuation allowance for deferred taxes	1,242	(81)	—	(17)	1,144
<b>Year Ended December 31, 2017:</b>					
Allowance for doubtful accounts	\$ 10	\$ 3	\$ (5)	\$ —	\$ 8
Valuation allowance for deferred taxes	1,532	(270)	—	(20)	1,242

(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 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. In 2017, the \$20 million overall decrease in the valuation allowance for deferred taxes is comprised of \$38 million related to adjusting outside basis differences associated with the Company's investment in a U.S. partnership and \$26 million for various tax return true-up adjustments and other items, including adjustments recorded through other comprehensive income. These decreases were partially offset by \$44 million related to exchange.

## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>2.1</u></a>	<a href="#"><u>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)).</u></a>
<a href="#"><u>2.2</u></a>	<a href="#"><u>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)).</u></a>
<a href="#"><u>2.3</u></a>	<a href="#"><u>Master Purchase Agreement, dated as of May 1, 2014, by and among Visteon Corporation, VIHI, LLC and Promontoria Holding 103 B.V. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Visteon Corporation filed on May 7, 2014). ***</u></a>
<a href="#"><u>2.4</u></a>	<a href="#"><u>Share Purchase Agreement, dated as of December 17, 2014, by and among Visteon Corporation, VIHI, LLC, Hahn &amp; Co. Auto Holdings Co., Ltd and Hankook Tire Co., Ltd. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Visteon Corporation filed on December 22, 2014). ***</u></a>
<a href="#"><u>3.1</u></a>	<a href="#"><u>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)).</u></a>
<a href="#"><u>3.2</u></a>	<a href="#"><u>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).</u></a>
<a href="#"><u>4.1</u></a>	<a href="#"><u>Warrant Agreement, dated as of October 1, 2010, by and between Visteon Corporation and Mellon Investor Services LLC (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form 8-A of Visteon Corporation filed on September 30, 2010 (File No. 000-54138)).</u></a>
<a href="#"><u>4.2</u></a>	<a href="#"><u>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)).</u></a>
<a href="#"><u>4.3</u></a>	<a href="#"><u>Description of Visteon Corporation Securities Registered Under Section 12 of the Exchange Act of 1934</u></a>
<a href="#"><u>10.1</u></a>	<a href="#"><u>Amended and Restated Employment Agreement, dated February 12, 2018, 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 February 14, 2018).*</u></a>
<a href="#"><u>10.2</u></a>	<a href="#"><u>Purchase Agreement, dated as of January 12, 2014, by and between Johnson Controls, Inc. and Visteon Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on January 15, 2014).</u></a>
<a href="#"><u>10.3</u></a>	<a href="#"><u>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).</u></a>
<a href="#"><u>10.3.1</u></a>	<a href="#"><u>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).</u></a>
<a href="#"><u>10.3.2</u></a>	<a href="#"><u>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).</u></a>
<a href="#"><u>10.3.3</u></a>	<a href="#"><u>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).</u></a>
<a href="#"><u>10.3.4</u></a>	<a href="#"><u>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).</u></a>
<a href="#"><u>10.3.5</u></a>	<a href="#"><u>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).</u></a>

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>10.4</u></a>	<a href="#"><u>Visteon Corporation 2010 Incentive Plan, as amended as of June 11, 2015 (incorporated by reference to Appendix B to the Definitive Proxy Statement on Schedule 14A of Visteon Corporation filed on May 4, 2015).*</u></a>
<a href="#"><u>10.4.1</u></a>	<a href="#"><u>Form of Terms and Conditions of Nonqualified Stock Options (2019) under the Visteon Corporation 2010 Incentive Plan.*</u></a>
<a href="#"><u>10.4.2</u></a>	<a href="#"><u>Form of Performance Stock Unit Grant Agreement (2019) under the Visteon Corporation 2010 Incentive Plan.*</u></a>
<a href="#"><u>10.4.3</u></a>	<a href="#"><u>Form of Restricted Stock Unit Grant Agreement (2019) under the Visteon Corporation 2010 Incentive Plan.*</u></a>
<a href="#"><u>10.4.6</u></a>	<a href="#"><u>Restricted Stock Unit Grant Agreement between Visteon Corporation and Francis M. Scricco, Chairman (incorporated by reference to Exhibit 10.4.13 to the Annual Report on Form 10-K of Visteon Corporation filed on February 25, 2016).*</u></a>
<a href="#"><u>10.5</u></a>	<a href="#"><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></a>
<a href="#"><u>10.6</u></a>	<a href="#"><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></a>
<a href="#"><u>10.6.1</u></a>	<a href="#"><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></a>
<a href="#"><u>10.6.2</u></a>	<a href="#"><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></a>
<a href="#"><u>10.7</u></a>	<a href="#"><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></a>
<a href="#"><u>10.7.1</u></a>	<a href="#"><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></a>
<a href="#"><u>10.8</u></a>	<a href="#"><u>2010 Visteon Executive Severance Plan, as amended and restated as of June 7, 2017 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Visteon Corporation filed on July 27, 2017).*</u></a>
<a href="#"><u>10.9</u></a>	<a href="#"><u>Visteon Corporation Non-Employee Director Stock Unit Plan (incorporated by reference to Appendix B to the Definitive Proxy Statement on Schedule 14A of Visteon Corporation filed on April 30, 2013).*</u></a>
<a href="#"><u>10.10</u></a>	<a href="#"><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></a>
<a href="#"><u>10.10.1</u></a>	<a href="#"><u>Schedule identifying substantially identical agreements to Officer Change in Control Agreement constituting Exhibit 10.10 hereto entered into by Visteon Corporation with Ms. Trecker and Messrs. Biloliar, Cole, Pynnonen, Rouquet, Schupfner and Vallance.*</u></a>
<a href="#"><u>10.11</u></a>	<a href="#"><u>Master Confirmation, dated as of March 6, 2018, between Visteon Corporation and Barclays Bank PLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on March 9, 2018).</u></a>
<a href="#"><u>10.11.1</u></a>	<a href="#"><u>Confirmation Re: Accelerated Buyback (uncapped), dated March 6, 2018, between Visteon Corporation and Barclays Bank PLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Visteon Corporation filed on March 9, 2018).</u></a>
<a href="#"><u>14.1</u></a>	<a href="#"><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></a>
<a href="#"><u>21.1</u></a>	<a href="#"><u>Subsidiaries of Visteon Corporation.</u></a>
<a href="#"><u>23.1</u></a>	<a href="#"><u>Consent of Independent Registered Public Accounting Firm, Ernst &amp; Young LLP.</u></a>
<a href="#"><u>24.1</u></a>	<a href="#"><u>Powers of Attorney relating to execution of this Annual Report on Form 10-K.</u></a>

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>31.1</u></a>	<a href="#"><u>Rule 13a-14(a) Certification of Chief Executive Officer dated February 21, 2020.</u></a>
<a href="#"><u>31.2</u></a>	<a href="#"><u>Rule 13a-14(a) Certification of Chief Financial Officer dated February 21, 2020.</u></a>
<a href="#"><u>32.1</u></a>	<a href="#"><u>Section 1350 Certification of Chief Executive Officer dated February 21, 2020.</u></a>
<a href="#"><u>32.2</u></a>	<a href="#"><u>Section 1350 Certification of Chief Financial Officer dated February 21, 2020.</u></a>
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.

\*\*\* Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. Registrant agrees to furnish supplementally a copy of any such schedules or exhibits to the Securities and Exchange Commission upon request.

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 Report to be signed on its behalf by the undersigned, thereunto duly authorized.

VISTEON CORPORATION

By: /s/ WILLIAM M. ROBERTSON  
William M. Robertson  
Interim Chief Financial Officer

Date: February 20, 2020

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

<u>Signature</u>	<u>Title</u>
<u>/s/ SACHIN LAWANDE</u> Sachin Lawande	Director, President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ WILLIAM M. ROBERTSON</u> William M. Robertson	Interim Chief Financial Officer (Principal Financial Officer and 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. SCRICO*</u> Francis M. Scricco	Director
<u>/s/ DAVID L. TREADWELL*</u> David L. Treadwell	Director
<u>/s/ HARRY J. WILSON*</u> Harry J. Wilson	Director
<u>/s/ ROUZBEH YASSINI-FARD*</u> Rouzbeh Yassini-Fard	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.

### **Warrants to Purchase Common Stock**

Pursuant to the Plan of Reorganization, we issued warrants to purchase 2,355,000 shares of our common stock to holders of our 12.25% senior notes issued (the "Ten Year Warrants"). The Ten Year Warrants have an exercise price of \$9.66 per share of common stock. Each of the Ten Year Warrants expires ten years after the date of issuance. The warrants provide for a cashless exercise by the warrant holder. The warrant exercise price and the number of shares issuable upon exercise of the warrants are subject to adjustment upon certain events including: stock subdivisions, combinations, splits, stock dividends, capital reorganizations, or capital reclassifications of common stock and in connection with certain distributions of cash, assets or securities. The Ten Year Warrants are not redeemable.

### **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 66⅔% 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 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”), 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.

2. Vesting of Option.

(a) Unless terminated earlier pursuant to Paragraphs 3 and/or 4, during the Participant’s continuous employment with the Employer, the Option will vest in accordance with the following vesting schedule:

- (i) One-third will vest on the first anniversary of the Grant Date;
- (ii) One-third will vest on the second anniversary of the Grant Date; and
- (iii) One-third will vest on the third anniversary of the Grant Date.

(b) 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):

(i) 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.

(ii) 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.

### 3. Termination of Employment.

(a) Except as set forth in Paragraph 2(b) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

#### 4. Cancellation of the Option.

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

- (a) The date immediately preceding the seventh anniversary of the Grant Date; or

(b) 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.

5. Exercise of Option.

(a) 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).

(b) 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.

(c) 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.

(d) 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.

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 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.

#### 7. 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.

#### 8. 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).

#### 9. 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.

(a) 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.

(b) 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.

### **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 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 55<sup>th</sup> 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, 2019 through December 31, 2019, which is allotted 25% of the Target Award,
- (ii) “Tranche 2”: January 1, 2019 through December 31, 2020, which is allotted 25% of the Target Award, and
- (iii) “Tranche 3”: January 1, 2019 through December 31, 2021, 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 25<sup>th</sup> percentile,
- (ii) 35% of the target award if at the 25<sup>th</sup> percentile,
- (iii) 100% of the target award if at the 55<sup>th</sup> percentile,
- (iv) 200% of the target award if at the 80<sup>th</sup> 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, 2022, 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, 2021, (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, 2022 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:

- (i) 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).
- (ii) 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).

(iii) 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.

(a) Except as set forth in Paragraph 2(c) 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, 2022. 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.

(b) 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.

(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 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:

(i) the "Full Period Award" means that percentage of the Target Award for the Performance Period that would have been Earned as of December 31, 2021 and vested as of January 31, 2022 if the Participant had remained in the employ of the Company through January 31, 2022; and

(ii) "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, 2022.

(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, monetarily or otherwise.

(f) 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.

(a) 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, 2022 (if the Final Award vests on January 31, 2022) 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.

(b) 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, 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.

(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 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 in any manner determined by the Committee, including by withholding a portion of the Participant's cash compensation or 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. If the obligation for Tax-Related Items is satisfied by withholding a number of shares of Stock, 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. 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) Dividend equivalents paid on Performance Stock Units are subject to applicable withholding of Tax-Related Items as described in Paragraph 6(b).

(d) 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 settlement of the Final Award 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.

(e) 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.

#### 6. Conditions on Award.

(a) 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.

(b) 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.

7. 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.

8. Securities Law Restrictions.

(a) 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.

(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 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.

9. Limited Interest.

(a) 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 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.

(b) 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, 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 Paragraphs 3 and/or 4, during the Participant’s continuous employment with the Employer, the Restricted Stock Units will vest in accordance with the following vesting schedule:

- (i) One-third will vest on the first anniversary of the Grant Date;
- (ii) One-third will vest on the second anniversary of the Grant Date; and
- (iii) One-third will vest on the third anniversary of the Grant Date.

(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) 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) 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 the third anniversary).

(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;

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(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 Company will credit the Restricted Stock Units to an account in the name of the Participant. 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, 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

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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 in any manner determined by the Committee, including by withholding a portion of the Participant's cash compensation or 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. If the obligation for Tax-Related Items is satisfied by withholding a number of shares of Stock, 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. 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) Dividend equivalents paid on Restricted Stock Units are subject to applicable withholding of Tax-Related Items as described in Paragraph 6(b).

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(d) 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 vesting of the Restricted Stock Units 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.

(e) 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

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(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 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

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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 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;

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(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.

## 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 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

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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.

### 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., 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

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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 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.

16. 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.

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

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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

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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.

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**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.

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**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*

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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

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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

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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

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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.

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**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**


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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 10.10 to the Annual Report on Form 10-K of Visteon for the fiscal year ended December 31, 2019.

Name

Sunil K. Bilolikar

Matthew M. Cole

Brett D. Pynnonen

Jerome J. Rouquet

Markus J. Schupfner

Kristin E. Trecker

Robert R. Vallance

## SUBSIDIARIES OF VISTEON CORPORATION AS OF DECEMBER 31, 2019\*

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	Delaware, U.S.A.
Visteon Holdings France SAS	France
Visteon Electronics France	France
Visteon Electronics Tunisia	Tunisia
Autronic S.A.	Tunisia
Visteon Software Technologies SAS	France
Visteon Holdings Hungary Kft	Hungary
VEHC, LLC	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
Visteon Automotive Electronics LLC	Taiwan
Visteon Adminisztracios Hungary Kft	Hungary
Visteon Amazonas Ltda.	Brazil
Visteon Automotive (India) Private Ltd.	India
Allgo Embedded Systems Pvt. Ltd.	India
Allgo Systems, Inc.	Delaware, U.S.A.
Visteon Automotive Electronics (Thailand) Limited	Thailand
Visteon Avtopribor Electronics	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 Technical & Services Centre Private Limited	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 Statement (Form S-8 No. 333-169695) pertaining to the 2010 Incentive Plan of Visteon Corporation;

of our reports dated February 20, 2020, 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, 2019.

/s/ Ernst & Young LLP  
Detroit, Michigan  
February 20, 2020

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 at a meeting held on February 17, 2020, 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, 2019 (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 W. M. Robertson, and B. D. Pynnonen, 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 20<sup>th</sup> day of February, 2020.

/s/ Heidi A. Sepanik  
Heidi A. Sepanik  
Secretary

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(SEAL)

POWER OF ATTORNEY WITH RESPECT TO  
ANNUAL REPORT ON FORM 10-K OF  
VISTEON CORPORATION FOR  
THE YEAR ENDED DECEMBER 31, 2019

Each of the undersigned, a director or officer of VISTEON CORPORATION, appoints each of W. M. Robertson, and B. D. Pynnonen 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, 2019, 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 20th day of February, 2020

Signature/Name	Position
<u>/s/Sachin S. Lawande</u> Sachin S. Lawande	Director, President and Chief Executive Officer (Principal Executive Officer)
<u>/s/William M. Robertson</u> William M. Robertson	Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
<u>/s/James J. Barrese</u> James J. Barrese	Director
<u>/s/Naoimi 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
<u>/s/Harry J. Wilson</u> Harry J. Wilson	Director
<u>/s/Rouzbeh Yassini-Fard</u> Rouzbeh Yassini-Fard	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
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- 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 20, 2020

/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, William M. Robertson, 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
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- 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 20, 2020

/s/ William M. Robertson  
William M. Robertson  
Interim Chief Financial Officer  
(Principal Financial Officer)

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, 2019 (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 20, 2020

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 Interim 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, 2019 (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/William M. Robertson  
William M. Robertson

February 20, 2020