

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 2007

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-11311
(Commission File Number)

13-3386776
(IRS Employer Identification Number)

21557 Telegraph Road, Southfield, MI
(Address of principal executive offices)

48033
(Zip Code)

(248) 447-1500
(Registrant’s telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Section 1 — Registrant’s Business and Operations

Item 1.01. Entry into a Material Definitive Agreement.

On March 31, 2007, a wholly owned subsidiary of Lear Corporation and certain affiliates of WL Ross & Co. LLC (“WL Ross”) and Franklin Mutual Advisers, LLC (“Franklin”) entered into the Limited Liability Company Agreement (the “LLC Agreement”) of International Automotive Components Groups North America, LLC (“IACNA”). For a description of the material terms of the LLC Agreement, reference is made to the summary thereof included in Item 2.01 below. The description of the LLC Agreement included in Item 2.01 below does not purport to be complete and is qualified in its entirety by reference to the full text of the LLC Agreement, a copy of which is attached as Exhibit 10.1 hereto and incorporated herein by reference.

Section 2 — Financial Information

Item 2.01. Completion of Acquisition or Disposition of Assets.

On March 31, 2007, Lear Corporation (“Lear”) completed the transfer of substantially all of the assets of its North American interior business (as well as its interests in two China joint ventures) to International Automotive Components Group North America, Inc. (“IAC”) (the “IAC North America Transaction”). The IAC North America Transaction was completed pursuant to the terms of an Asset Purchase Agreement (the “Purchase Agreement”) dated as of November 30, 2006, by and among Lear, IAC, WL Ross, Franklin and IACNA, as amended by Amendment No. 1 to the Purchase Agreement dated as of March 31, 2007 (the “Amendment”). The legal transfer of certain assets included in the IAC North America Transaction is subject to the satisfaction of certain post-closing conditions. In connection with the IAC North America Transaction, IAC assumed the ordinary course liabilities of Lear’s North American interior business, and Lear retained certain pre-closing liabilities, including pension and postretirement healthcare liabilities incurred through the closing date of the transaction. The foregoing description of the Purchase Agreement is qualified in its entirety by reference to the full text of such agreement, a copy of which was included as Exhibit 10.1 to Lear’s Current Report on Form 8-K filed on December 1, 2006, and incorporated herein by reference. A copy of the Amendment is attached as Exhibit 10.2 hereto and incorporated herein by reference.

In addition, pursuant to the terms of the LLC Agreement, Lear North Atlantic Operations Corporation (“Lear NAOC”), a wholly owned subsidiary of Lear, contributed approximately \$27 million in cash to IACNA in exchange for a 25% equity interest in IACNA and warrants for an additional 7% of the current outstanding common equity of IACNA. Certain affiliates of WL Ross and Franklin made aggregate capital contributions of approximately \$81 million to IACNA in exchange for the remaining equity and extended a \$50 million term loan to IAC. Lear and Lear NAOC will fund up to an additional \$40 million, and WL Ross and Franklin will fund up to an additional \$45 million, in the event that IAC does not meet certain financial targets in 2007.

Lear transferred to IAC substantially all of its interior business in the United States, Canada and Mexico, consisting of 26 manufacturing facilities with annual net sales of about \$2.5 billion, related to the production of instrument panels and cockpit systems, headliners and overhead systems, door panels and interior trim for various original equipment manufacturers. In

connection with the IAC North America Transaction, Lear recorded a loss on divestiture of approximately \$607 million in the fourth quarter of 2006 and expects to recognize an additional loss on divestiture of approximately \$35 million in the first quarter of 2007. A copy of the press release issued by Lear to announce the closing of the IAC North America Transaction is attached hereto as Exhibit 99.1.

The closing of the IAC North America Transaction substantially completes the disposition of Lear's interior business. Lear previously completed on October 16, 2006, the contribution of substantially all of its European interior business to International Automotive Components Group, LLC ("IAC Europe"), Lear's joint venture with affiliates of WL Ross and Franklin, in exchange for a one-third equity interest in IAC Europe (the "IAC Europe Transaction"). The pro forma financial information attached hereto as Exhibit 99.2 gives effect to the closing of the IAC North America Transaction and the IAC Europe Transaction.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

Included as Exhibit 99.2 to this Current Report on Form 8-K are:

- Unaudited pro forma condensed consolidated balance sheet as of December 31, 2006, that gives effect to the closing of the IAC North America Transaction as if it had occurred as of December 31, 2006.
- Unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2006, that gives effect to the closing of the IAC North America Transaction and the IAC Europe Transaction as if they had occurred as of January 1, 2006.

These unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or operating results that would have been achieved by Lear had the IAC North America Transaction and the IAC Europe Transaction been completed as of the dates indicated or of the results that may be obtained in the future. These unaudited pro forma condensed consolidated financial statements and the accompanying notes should be read together with the financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Lear's Annual Report on Form 10-K for the year ended December 31, 2006.

(c) Exhibits

10.1 Limited Liability Company Agreement of International Automotive Components Group North America, LLC dated as of March 31, 2007.

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- 10.2. Amendment No. 1 to the Asset Purchase Agreement dated as of March 31, 2007, by and among Lear Corporation, International Automotive Components Group North America, Inc., WL Ross & Co. LLC, Franklin Mutual Advisers, LLC and International Automotive Components Group North America, LLC.
- 99.1 Press release of Lear Corporation issued on April 2, 2007.
- 99.2 Unaudited pro forma condensed consolidated financial statements.
 - (i) Unaudited pro forma condensed consolidated balance sheet as of December 31, 2006.
 - (ii) Unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2006.
 - (iii) Notes to the unaudited pro forma condensed consolidated financial statements.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LEAR CORPORATION,
a Delaware corporation

Date: April 5, 2007

By: /s/ Daniel A. Ninivaggi
Name: Daniel A. Ninivaggi
Title: Executive Vice President,
Secretary and General Counsel

EXHIBIT INDEX

Exhibit No.	Description
10.1	Limited Liability Company Agreement of International Automotive Components Group North America, LLC dated as of March 31, 2007.
10.2	Amendment No. 1 to the Asset Purchase Agreement dated as of March 31, 2007, by and among Lear Corporation, International Automotive Components Group North America, Inc., WL Ross & Co. LLC, Franklin Mutual Advisers, LLC and International Automotive Components Group North America, LLC.
99.1	Press release of Lear Corporation issued on April 2, 2007.
99.2	Unaudited pro forma condensed consolidated financial statements. (i) Unaudited pro forma condensed consolidated balance sheet as of December 31, 2006. (ii) Unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2006. (iii) Notes to the unaudited pro forma condensed consolidated financial statements.

**LIMITED LIABILITY COMPANY AGREEMENT
OF
INTERNATIONAL AUTOMOTIVE COMPONENTS GROUP NORTH AMERICA, LLC**

This Limited Liability Company Agreement (the “Agreement”), as it may be further amended, dated as of March 31, 2007 (the “Effective Date”), is by and among International Automotive Components Group North America, LLC, a Delaware limited liability company (the “Company”), and the Stockholders identified on Schedule 1, and provides the terms under which the Company was organized and will operate.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

I. ORGANIZATIONAL MATTERS

1.1 Formation/Purpose. (a) The formation of the Company, a single employer separate and apart from any other entity, without limitation, as a Delaware limited liability company under the Delaware Limited Liability Company Act of 1992, as amended (the “Act”), and all actions taken by the Person who executed and filed its certificate of formation are hereby adopted and ratified, such Person being an “authorized person” within the meaning of the Act.

(b) The Company is organized to (i) be a holding company for various automotive interiors systems components businesses, including the Lear North American ISD Business, and (ii) engage in all such other lawful transactions and business activities as may be determined by the Board, subject to Section 3.4(c).

1.2 Governance as if a Delaware Corporation. The rights of the members of the Company (which are referred to herein as “Stockholders”) will be governed by the applicable Constituent Documents, which will be interpreted as if the Company were a corporation incorporated under the Delaware General Corporation Law (the “DGCL”) and its members were stockholders of such corporation. Notwithstanding the foregoing:

(a) Except as required by the Act, neither the Charter, any amendments thereto nor any other organizational instrument (other than the Certificate of Formation) will be required to be filed with the Secretary of State of the State of Delaware as required under Sections 101, 103, 241 or 242 of the DGCL (any such document which would otherwise be so required to be filed with the Secretary of State of the State of Delaware will be filed with the Secretary of the Company);

(b) All taxes and fees otherwise payable by the Company pursuant to Section 391 of the DGCL will be determined under and payable solely in accordance with the Act; and

(c) Notwithstanding any other provision hereof, neither the Company nor any other Person will be subject to the provisions of DGCL Sections 145, 154, 160(a), 170, 172, 173, 174, 203, 220 or 282.

1.3 **Liability to Third Parties.** Except as otherwise set forth in this Agreement or the other Constituent Documents, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, will be solely its debts, obligations and liabilities and none of the direct or indirect equity holders, directors or Affiliates of the Company (the “Company Persons”) will be personally obligated for any such debt, obligation or liability. Except as set forth in this Agreement or the other Constituent Documents, no Company Person will be (i) liable for any debts, obligations or liabilities, whether arising in contract, tort or otherwise, of the Company or any other Company Person or (ii) required to loan or contribute any funds to the Company.

1.4 **Powers.** The Company will possess and may exercise all of the powers and privileges granted by the Act, the DGCL (as if the Company were a corporation), any other law or this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of its permitted business purposes or activities. Without limiting the generality or effect of any other provision hereof, the Company will have the power to effect the acquisition of any business or take any other action consistent with the DGCL. As to any third person or entity, the signature of any officer of the Company on any document will be conclusive evidence of the authority of such officer to execute such document for and on behalf and in the name of the Company.

1.5 **Fiduciary Duties.** No director of the Company shall be personally liable to the Company or any of its Stockholders for monetary damages for breach of fiduciary duty as a director, provided that the foregoing provision shall not eliminate or limit the liability of a director (i) for breach of such director’s duty of loyalty to the Company or its Stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which such director derived an improper personal benefit.

II. CAPITALIZATION

2.1 **Capitalization.** The capitalization of the Company is as set forth in the Charter. Subject to Sections 3.2 and 3.4(c), the Board has the authority to issue additional Capital Stock, which may include different classes of equity.

2.2 **Stockholders.** (a) As of the Effective Date, and as a condition to the closing of the Lear Acquisition Agreement, the Stockholders will make the following capital contributions to the Company: (i) Lear NAOC will contribute \$27,066,667 in cash in exchange for twenty-five percent (25%) of the Capital Stock and \$300,000 in exchange for the Lear Warrant, (ii) WLR will contribute \$54,133,334 in cash in exchange for fifty percent (50%) of the Capital Stock, and (iii) Franklin will contribute \$27,066,667 in cash in exchange for twenty-five percent (25%) of the Capital Stock. As of the Effective Date, after giving effect to such capital contributions, the name and

address of each of the Stockholders and the number of shares of Capital Stock and percentage holding of each of them respectively is as set forth on Schedule 1, and, as of the Effective Date, no other parties shall own or have rights to acquire any Capital Stock of the Company.

(b) Subject to Sections 3.2 and 3.4(c), the Company is authorized to issue Capital Stock in exchange for either capital contributions, or the provision of services (together, "Capital Stock Consideration"), having a Fair Market Value equal to the value of the Capital Stock issued as determined in good faith by the Board. The amount of Capital Stock held by each Stockholder shall not be affected by either (i) any issuance by the Company of Capital Stock to other Stockholders, (ii) any change in the Capital Account of such Stockholder (other than such changes to reflect additional Capital Stock Consideration from such Stockholder in exchange for new Capital Stock) or (iii) any distributions not in redemption of Capital Stock. The shares of Capital Stock shall be certificated and the Board shall maintain, or cause to be maintained, a Capital Stock ledger. No Stockholder shall be required to make any additional capital contributions to the Company.

(c) Except as otherwise provided in this Agreement, no Person other than the parties set forth on Schedule 1 will be a Stockholder of the Company, and no Capital Stock of the Company will be issued or transferred, without compliance with the terms and provisions of the Company's Constituent Documents and the execution by any such Person of a joinder to this Agreement whereby such Person agrees to be bound by this Agreement and the Company's other Constituent Documents.

(d) WLR is the "Majority Stockholder"; provided that once WLR ceases to own 10% or more of the Common Stock of the Company, it will no longer be the Majority Stockholder for any purpose hereunder.

(e) Franklin and Lear NAOC are the "Minority Stockholders"; provided that upon the earlier of (i) a Minority Stockholder ceasing to own 5% or more of the Common Stock of the Company or (ii) a Minority Stockholder selling or transferring more than 20% of the Common Stock it held as of the Effective Date other than to a Permitted Transferee or in connection with a pledge (or exercise pursuant thereto), it will no longer be a Minority Stockholder for any purpose hereunder; provided however, that in no event shall Lear NAOC cease to be a Minority Stockholder under clause (i) prior to the date that is eighteen months after the Effective Date.

(f) For purposes of the Act, the Stockholders are the members of the Company.

2.3 2007 EBITDA. The Company shall deliver to the Stockholders, no later than 15 days after the Company's receipt of its audited consolidated financial statements for the year ending December 31, 2007, the Company's calculation of 2007 EBITDA (the "Company Calculation").

(a) The Company Calculation shall be prepared in good faith, based on the Company's books and records and, for consolidated net income and the items in subsections (i) (ii), (iii), (iv), (vii), (viii), (ix) and (xii) in the definition of 2007 EBITDA, in accordance with U.S. generally accepted accounting principles.

(b) If Lear NAOC disagrees with the Company Calculation, Lear NAOC shall provide written notice (a "Dispute Notice") to the Company and the other Stockholders of its objection(s) to such calculation. If Lear NAOC does not provide a Dispute Notice within 45 days after the Company's delivery of the Company Calculation, the 2007 EBITDA set forth therein shall be deemed the finally determined 2007 EBITDA. If Lear NAOC delivers a Dispute Notice, the Company and Lear NAOC will use good faith efforts during the 30-day period after the delivery of such Dispute Notice (the "Resolution Period") to seek to resolve the differences set forth therein. If the Company and Lear NAOC cannot reach written agreement during the Resolution Period, their disagreements, limited to those issues still in dispute, will be submitted by the parties for determination by the Accounting Firm.

(c) During the period beginning on the date of the delivery of the Company Calculation and ending upon the final determination of 2007 EBITDA (including the Resolution Period, if necessary), the parties will provide to each other such reasonable access to personnel involved in the Company Calculation and to financial and other information of the Company as it may request in good faith to determine 2007 EBITDA.

(d) The Company and the Stockholders shall use their reasonable best efforts to cause the Accounting Firm to submit its written statement of its adjudication of the disputes regarding 2007 EBITDA within 30 days after submission of the matter to the Accounting Firm. The determination of the Accounting Firm shall constitute an arbitral award that is final, binding and unappealable and upon which a judgment may be entered by any court having jurisdiction thereof. In acting hereunder, the Accounting Firm shall be entitled to the privileges and immunities of arbitrators.

(e) If the finally determined 2007 EBITDA is less than \$41,666,666.67, the Stockholders will contribute to the Company an amount (the "Shortfall Amount") in cash equal to the lesser of (i) three times the amount by which 2007 EBITDA is less than \$41,666,666.67 and (ii) \$60 million. Each of the Stockholders will contribute to the Company an amount equal to the product of (x) its respective Company Common Stock Percentage Interests, multiplied by (y) the total aggregate additional capital contribution required of all the Stockholders.

(f) The amount of any additional capital contribution required hereunder shall be payable solely by a release of the Escrowed Funds (together with any income earned on such released funds) or from a drawdown on a Letter of Credit posted in lieu of depositing funds in escrow.

(g) If the finally determined 2007 EBITDA is equal to or greater than \$41,666,666.67, each of the Stockholders will be entitled to the return of its entire

escrow deposit (plus any income thereon) under the Escrow Agreement. Similarly, each Stockholder shall be entitled to have returned promptly from the escrow account the amount by which such Stockholder's total Escrowed Funds exceeds such Stockholder's additional capital contribution required pursuant to subsection (e) above (together with any income earned on such released funds).

(h) Within three Business Days after the final determination of 2007 EBITDA, the Company and the Stockholders will provide the escrow agent under the Escrow Agreement with joint written instructions to disburse the funds held in escrow thereunder in accordance with the terms of this Agreement and the Escrow Agreement.

(i) The Company and the Stockholders agree that no additional shares of Capital Stock will be issued in respect of additional capital contributions pursuant to this Section 2.3(e), except to prevent dilution vis-à-vis a third party Stockholder who has purchased shares of Capital Stock or Options between the Effective Date and the date of such capital contribution; provided that the Stockholders' percentage of ownership of the Company relative to each other shall stay substantially the same following such capital contribution.

(j) The Company and Stockholders agree that any amounts paid pursuant to Section 2.3(e) shall for purposes of the Code be accorded treatment as a capital contribution pursuant to Section 721 of the Code and none of the parties will take any action or position inconsistent with such treatment under the Code.

2.4 Escrowed Funds; Letter of Credit. As of the Effective Date, each of Lear NAOC, WL Ross and Franklin has (a) executed and delivered the Escrow Agreement and (b) delivered to the escrow agent under the Escrow Agreement its respective portion of the Escrowed Funds to be deposited into the escrow account established pursuant to the Escrow Agreement by delivery to such escrow agent of cash or an irrevocable letter of credit in a form reasonably acceptable to Lear NAOC, in the case of a Letter of Credit for the account of WL Ross or Franklin, and to WL Ross and Franklin, in the case of a Letter of Credit for the account of Lear NAOC (each a "Letter of Credit" and collectively, the "Letters of Credit"). The Escrowed Funds (including the Letters of Credit) shall be used solely as contemplated by Section 2.3.

III. GOVERNANCE

3.1 **Charter and Bylaws.** Except as provided in this Agreement, the Company will be governed by the Charter and Bylaws.

3.2 **Preemptive Rights.** After the Effective Date, the Company will not issue, sell or exchange, agree to issue, sell or exchange, or reserve or set aside for issuance, sale or exchange, any Capital Stock or Options (collectively, the "Preemptive Securities"), unless the Company has first offered to sell to each of the Stockholders such Stockholder's Pro Rata Share (as defined below) of the Preemptive Securities, at a price and on such other terms as have been specified by the Company in writing delivered to each such Stockholder (the "Preemptive Offer"), which Preemptive Offer

will be on terms substantially identical to the terms of the Company's proposed issuance, sale or exchange of Preemptive Securities and will remain open and irrevocable for a period of 20 Business Days from the date it is delivered by the Company (the "Preemptive Offer Period"). Notwithstanding the foregoing, Preemptive Securities will not include (a) Options or other equity securities or rights issued pursuant to an Employee Plan approved by the Board (subject to Section 3.4(b)(ii)) and any Capital Stock issued upon the exercise of any such Options or other equity securities so long as such Options issued or the equity securities issuable upon exercise of such Options do not represent in excess of 10% of the fully diluted Common Stock, (b) the Lear Warrant or any equity securities issued pursuant to the terms of the Lear Warrant, (c) equity securities issued by the Company as direct consideration in connection with the acquisition of another business entity by the Company or a Subsidiary, whether by merger, purchase of all or substantially all of the assets of such entity or otherwise, (d) securities issued as a result of any split of, reclassification, subdivision of or other distribution pro rata with respect to, the equity securities of the Company, or (e) any equity securities issued in a Public Offering or pursuant to the Reorganization. Each Stockholder may elect to purchase (or to have its designated Affiliate that is also, or simultaneously with such purchase becomes, a Stockholder, purchase) all or any portion of such Stockholder's Pro Rata Share of the Preemptive Securities as specified in the Preemptive Offer at the price and on the terms specified therein by delivering written notice of such election to the Company as soon as practicable but in any event before the expiration of the Preemptive Offer Period. Any Preemptive Securities not elected to be purchased by the end of the Preemptive Offer Period will be reoffered for a five-day period by the Company on a pro rata basis to the Stockholders who have elected to purchase their full Pro Rata Share of the Preemptive Securities. In the event the Stockholders fail to exercise in full their preemptive rights as set forth above with respect to the Preemptive Securities, the Company shall have 60 days thereafter to sell such Preemptive Securities, at a cash or cash equivalent price that is not less than the price specified in the Preemptive Offer. In the event the Company has not sold the Preemptive Securities within such 60-day period, the Company shall not thereafter issue or sell any Preemptive Securities without first complying with the first offer rights set forth in this Section 3.2. Each Stockholder's "Pro Rata Share" of Preemptive Securities is the product of (x) the total number of Preemptive Securities and (y) a fraction, the numerator of which is the total number of shares or units of Common Stock then owned by such Stockholder and the denominator of which is the total number of shares or units of Common Stock then outstanding.

3.3 Board Composition and Representation. (a) The number of directors comprising the Board will not exceed five. Subject to Section 3.3(b) and Section 3.3(c), the directors comprising the Board will consist of (i) two (or, in the circumstances described in Section 3.3(b), three) representatives designated by WLR (as long as WLR is the Majority Stockholder), one of whom will be the Chairman of the Board, (ii) one representative designated by Franklin (as long as Franklin is a Minority Stockholder), and (iii) (if Lear NAOC so elects) one representative designated by Lear NAOC (as long as Lear NAOC is a Minority Stockholder). The composition of the Board as of the Effective Date will be as specified on Schedule 2. Lear NAOC may elect to designate a director by providing written notice to the Company to that effect identifying its designee.

Such designee shall become a director on the earlier to occur of (i) the third Business Day after delivery of such notice and (ii) the day on which WLR designates its third director. Each Stockholder agrees to vote or cause its shares of Common Stock to be voted at any meeting of the Stockholders and any and all postponements and adjournments thereof or in any other circumstances in which a vote, consent or other approval (including by written consent) is sought to elect or remove the directors designated pursuant to this Section 3.3 to serve on the Board and any other similar matter.

(b) If and for so long as Lear NAOC exercises its right to designate a director, WLR shall be entitled to designate a total of three representatives to the Board pursuant to Section 3.3(a).

(c) If WLR ceases to be the Majority Stockholder or Franklin or Lear NAOC ceases to be a Minority Stockholder, the director(s) that the Stockholder that is no longer the Majority Stockholder or a Minority Stockholder, as applicable, had been entitled to designate will be designated by a Majority in Interest.

(d) Directors may be removed at any time with or without cause. A director may only be removed by the affirmative vote of the Stockholder(s) entitled to designate such director. In the event that a vacancy in the Board is created at any time by the death, disability, retirement, resignation or removal (with or without cause) of any director, such vacancy may be filled only by the Stockholder(s) entitled to designate such director pursuant to this Section 3.3.

(e) The composition of each Subsidiary Board for a wholly-owned Subsidiary that is incorporated or formed in the United States of America shall be the same as that of the Board.

(f) Directors appointed to the Board will be compensated in accordance with the Bylaws.

(g) The Company and the Stockholders will take all action necessary to cause the Subsidiaries of the Company to implement and not contradict the actions and resolutions of the Board.

(h) If and for so long as Lear NAOC does not exercise its right to designate a Board director pursuant to Section 3.3(a), it will be entitled to designate one representative to attend meetings of the Board, any board of directors (or equivalent governing body) of any controlled Subsidiary (each, a "Subsidiary Board") or any committee thereof in a non-voting observer category (the "Observer"). The Observer will have no voting rights with respect to any decision of the Board, or any committee of the Board. The Company will provide written notice to the Observer of each meeting of the Board or Subsidiary Board or any committee thereof at the same time and in the same manner as notice is given to the members of the Board or Subsidiary Board and will furnish to the Observer copies of all written materials and other information (including copies of meeting minutes) at the same time as given to directors at, in

advance of, or subsequent to such meetings. Lear NAOC's right to designate an Observer will terminate if it ceases to be a Minority Stockholder.

(i) Lear NAOC and Franklin will each be entitled to designate one representative to attend meetings of any board of directors (or equivalent governing body) of any controlled foreign Subsidiary (each a "Foreign Subsidiary Board") or any committee thereof in a non-voting observer category (the "Foreign Subsidiary Observer"). The Foreign Subsidiary Observer will have no voting rights with respect to any decision of the Foreign Subsidiary Board or any committee of the Foreign Subsidiary Board. The Company will assure that there is provided to each Foreign Subsidiary Observer written notice of each meeting of the Foreign Subsidiary Board at the same time and in the same manner as notice is given to the members of the Foreign Subsidiary Board and will furnish to each Foreign Subsidiary Observer copies of all written materials and other information (including copies of meeting minutes) at the same time as given to directors at, in advance of, or subsequent to such meetings. Lear NAOC's right and Franklin's right to designate a Foreign Subsidiary Observer will terminate if it ceases to be a Minority Stockholder.

(j) The Company shall pay all out-of-pocket expenses incurred by each director and any permitted Observer or Subsidiary Observer in connection with attending any meetings of the Board, any Subsidiary Board or any committee thereof. In the event that the Company pays any fee to a director for serving on the Board, any Subsidiary Board or any committee thereof, the Company shall pay to each director a fee in an amount equal to the amount paid to such other director. So long as any director appointed by WLR, Lear NAOC or Franklin serves on the Board and for three years thereafter, the Company shall maintain directors and officers indemnity insurance coverage reasonably satisfactory to such Stockholder and the Charter and Bylaws shall provide for indemnification and exculpation of directors to the fullest extent permitted under applicable law.

3.4 Management; Officers. (a) The Board will be responsible for and will have authority to generally oversee the management of the Company. The initial officers of the Company will be as specified on Schedule 2. Unless otherwise determined by the Board, the authority of the officers of the Company and the Subsidiaries will be as is customary for officers of a Delaware corporation, including, but not limited to, the right and obligation to manage all labor relations and personnel affairs of the Company in a manner consistent with the Company's status as a single employer separate and apart from any other entity, without limitation.

(b) The Company will not take, and the Company will cause the Board and officers of each Subsidiary to not take, any of the following actions without the Required Board Approval:

- (i) incur debt for borrowed money in the aggregate in excess of \$75.0 million;

(ii) create any employee option, incentive or similar plan pursuant to which Company equity securities may be issued ("Employee Plans");

(iii) enter into any material contracts or arrangements outside the ordinary course of the Company's and the Subsidiaries' business, excluding any acquisition of any business by the Company or any Subsidiary, whether by merger, purchase of all or substantially all of the assets of such business or otherwise;

(iv) consummate a Reorganization or a Public Offering;

(v) enter into or modify any agreement or enter into any transaction between the Company or a Subsidiary and a Stockholder or any of its Affiliates other than in relation to any issuance of shares of Capital Stock at Fair Market Value that complies with Section 3.2;

(vi) make any amendment to this Agreement or, except as contemplated in Section 6.1 in connection with a Reorganization, to the Company's Constituent Documents;

(vii) enter into an agreement pursuant to which it will sell or otherwise transfer all or substantially all of the Company's and the Subsidiaries' assets, whether by sale or transfer of assets, sale of equity, merger or a transaction of a similar nature (a "Sale Transaction"); or

(viii) approve the dissolution, winding-up, liquidation or bankruptcy of the Company or a material Subsidiary.

(c) The Company will not take, and the Company will cause the Board and officers of each Subsidiary to not take, any of the following actions without the approval of each Minority Stockholder:

(i) consummate a Sale Transaction in which all Stockholders holding the same class of Capital Stock do not receive the same consideration on the same terms, determined on the same basis;

(ii) approve the dissolution, winding-up, liquidation or bankruptcy of the Company or a material Subsidiary;

(iii) enter into or modify any agreement or enter into any transaction between the Company or a Subsidiary and a Stockholder or any of its Affiliates other than on arms length terms; provided, that with respect to any such transaction (or series of related transactions) that involves aggregate payments or other property with a fair market value in excess of \$5 million, the Company shall, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such transaction or series of related transactions to the Company or the relevant Subsidiary,

as the case may be, from a financial point of view, from an Arbiter experienced in the subject matter of such transaction or transactions; provided however, that if Lear NAOC ceases to be a Minority Stockholder, neither the Company nor a Subsidiary shall enter into or modify any agreement or enter into any transaction between the Company or a Subsidiary and a Stockholder or any of its Affiliates, without the approval of Franklin;

(iv) launch or acquire a new line or lines of business which is or are (a) individually or in the aggregate reasonably likely to represent 20% or more of the Company's and Subsidiaries' consolidated annual sales in the twelve months following its launch or acquisition (as applicable), and (b) is significantly different from the business conducted by the Company and the Subsidiaries as of the Effective Date (after giving effect to the Lear ISD Closing);

(v) issue any shares of Capital Stock at less than Fair Market Value;

(vi) issue any shares of Capital Stock other than Common Stock to any Stockholder or Affiliate of any Stockholder;

(vii) consummate any recapitalization or reorganization of the Company's Capital Stock in which all Stockholders holding the same class of Capital Stock do not receive the same consideration, on the same terms, determined on the same basis;

(viii) effect any redemption or repurchase of any Capital Stock or make or pay any dividends or other distributions other than on a pro rata basis as among Stockholders holding the same class of Capital Stock;

(ix) make any amendment to this Agreement or, except as contemplated in Section 6.1 in connection with a Reorganization, to the Company's Constituent Documents; or

(x) enter into any Change of Control or Restructuring transaction between the Company or a Subsidiary and a Stockholder or any of its Affiliates other than on arms length terms, provided that any such transaction (or series of related transactions) shall be deemed to be on arms length terms if the Company, prior to the consummation thereof, obtains an opinion as to the appropriate value(s) to be ascribed to the elements of such transaction and a favorable opinion as to the fairness to each of the Stockholders, Company or the relevant Subsidiary, as the case may be, from a financial point of view, from an Arbiter experienced in the subject matter of such transaction or transactions. The Company shall nominate a party to serve as the Arbiter and shall disclose to the Minority Stockholders all relationships between the Company or the Majority

Stockholder and such nominee during the preceding three years in a written notice (the “Arbiter Notice”). No later than 15 days after a Minority Stockholder’s receipt of the Arbiter Notice, such Minority Stockholder shall notify the Company in writing whether it consents to the use of such nominee, which consent shall not be unreasonably withheld. If a Minority Stockholder does not so notify the Company as to its consent within 15 days after its receipt of the Arbiter Notice, it will be deemed to have consented to the nominee set forth therein. If a Minority Stockholder does not consent to the use of such nominee, it shall provide the Company and the other Stockholders with a written statement of its reasons for such failure to consent and the Company shall then select another Arbiter and the parties shall comply with the foregoing provisions of this Section 3.4(c)(x) until such time as an Arbiter has been selected. Notwithstanding anything contained herein to the contrary or in the Act or in the DGCL, if the Company complies with the provisions of this Section 3.4(c)(x), the Minority Stockholders shall be foreclosed from alleging that the Company, any Stockholder or any officer or director of the Company has breached or violated any fiduciary duty owed by such Person to the Company or any Stockholder with respect to the valuation of the proposed transaction and waives any and all rights it or any of its Affiliates may have relating to the valuation of such transaction.

(d) No vote or other action of the Stockholders is required to authorize the Company to take or refrain from taking any action, other than as provided for in Section 3.4.

3.5 *Competitive Activities.* The Company Persons, directly or through Affiliated entities, are or may be engaged in businesses that may be competitive with the business of the Company or companies it owns or in which it invests. Nothing herein, in the Act, the DGCL, any Constituent Document or otherwise (collectively, the “Applicable Rules”) will be deemed to restrict any Company Person from engaging in such other business activity (regardless of the effects thereof on the Company or companies it owns or in which it invests) and, notwithstanding any Applicable Rule to the contrary, in no event will any Company Person have any obligation to act or refrain from acting (including without limitation presenting any opportunity or other matter to the Company for it to consider or pursue or to maintain the confidentiality of, or not use, any confidential or proprietary information) by reason of any relationship with, or actual or alleged duty to, the Company, provided, however, that this Section 3.5 will not limit the scope or applicability of Section 6.5, or any other written contract between a Company Person and the Company or any other Company Person. The Company and the other Company Persons will have no rights by virtue of this Agreement in and to such independent ventures of any Company Person or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the Company’s business, will not be deemed wrongful or improper. Each party hereto agrees that, in any such case, to the extent a court might otherwise hold that the conduct of such activity is a breach of any Applicable Rule, it has hereby irrevocably waived any and all rights of recovery it may otherwise have by reason thereof.

3.6 **Management of Workforce and Business.** From and after the Effective Date, and notwithstanding any other provision of this Agreement, the management and direction of the Company's and its Subsidiaries' workforce and business, and the terms and conditions thereof, including all wage and salary programs (including bonuses, and incentive compensation), medical and other benefit programs, other compensation and benefit programs and the establishment of procedures, policies and protocols for hiring, disciplining and firing employees and setting general employee standards shall be determined by the Board of Directors (as delegated to the officers of the Company and its Subsidiaries).

IV. TRANSFERS

4.1 **Transfers.** (a) Except for Transfers that comply with this Article IV, without the Required Board Approval (which, for purposes of clarification, shall not in any event prejudice the rights of any other Stockholder under Section 4.2 or 4.3), no Stockholder may, directly or indirectly, sell, transfer, gift, assign or otherwise dispose of, or permit, voluntarily or involuntarily or by operation of law, any security, encumbrance, interest, pledge, mortgage, lien, charge, adverse claim, option, warrant, grant of voting rights, preferential arrangement or restriction of any kind (collectively, an "Encumbrance") upon, all or any portion of such Stockholder's Capital Stock, Options or any interest therein or make or support an application being made for entry of a decree under Section 18-802 of the Act or enter into an agreement to do or permit any of the foregoing actions. Notwithstanding the foregoing, Lear NAOC shall be permitted to pledge its Capital Stock and the Lear Warrant as collateral to secure indebtedness to a bank or trustee incorporated and doing business in the United States having a combined capital and surplus of at least \$1 billion upon 45 days prior written notice (a "Pledge Notice") to the Company, WLR (as long as WLR is a Majority Stockholder) and Franklin (as long as Franklin is a Minority Stockholder). In no event may a Stockholder Transfer Capital Stock or Options to any Person who, in the reasonable opinion of the Board, is engaged (whether directly or through Affiliated entities) in any material business that is competitive with the Business. The Board shall notify any Stockholder within 20 Business Days of receipt of notice of any proposed Stockholder Transfer of Capital Stock or Options whether or not the Board, in its reasonable discretion, deems such transfer to be a prohibited transfer to a competitor in accordance with the foregoing sentence. Notwithstanding the foregoing, nothing in this Agreement shall restrict a Change in Control transaction with respect to Lear Corporation or any resulting Transfer as a result thereof. Any purported sale, transfer, gift, assignment or other disposition or Encumbrance of a Stockholder's Capital Stock or Options (hereinafter collectively referred to as a "Transfer") which is in violation of this Agreement (a "Prohibited Transfer") shall be invalid and void, shall not bind the Company and shall have no effect whatsoever on the Company or its Stockholders. Any Stockholder which engages in any Prohibited Transfer shall be liable to the Company for all costs and expenses incurred by the Company as a result thereof or related thereto, including with respect to legal action required to enforce the terms of this Agreement.

(b) Notwithstanding the foregoing, the prohibitions in Section 4.1(a) shall not apply to: (i) the Transfer by any Stockholder of Capital Stock or Options to the

Permitted Transferees of such Stockholder and (ii) the Transfer by any Stockholder of Capital Stock or Options to a third party, provided that such Stockholder complies with Section 4.2 and 4.3, if applicable.

(c) Any Transfer of Capital Stock or Options which is not prohibited by Section 4.1(a) or 4.1(e) shall be effective only if (i) such Transfer is in compliance with all applicable federal, state and foreign securities laws and (ii) the Transferee has agreed in writing to be bound by the terms and conditions of this Agreement.

(d) If shares of Capital Stock or Options are certificated, each certificate representing the Capital Stock or Options shall be stamped or otherwise imprinted with a legend or legends customary in form reflecting the restrictions on transfer set forth in this Agreement and under applicable securities laws.

(e) Notwithstanding anything to the contrary in this Agreement, in no event may a Transfer by any Stockholder be made if the Board concludes in good faith that such Transfer is reasonably likely to result in (i) the Company being in violation of any applicable law or (ii) the dissolution of the Company. In making the determination whether a Transfer is reasonably likely to result in such a termination or dissolution or is reasonably likely to cause such violation, the Board, in its sole discretion, may require the assignee to furnish, at such assignee's expense, an opinion of counsel passing on this issue in a form reasonably acceptable to the Board, with such counsel to be reasonably acceptable to the Board.

4.2 *Right of First Refusal.* (a) Except as otherwise provided herein, if at any time any Stockholder proposes to Transfer any Capital Stock or Options in any manner to one or more third parties (other than to Permitted Transferees), then such Stockholder (the "Transferring Stockholder") shall give all other Stockholders (the "Offeree Stockholders") written notice of its intention to make the Transfer (the "Transfer Notice"), which Transfer Notice must include (i) a description and the number of shares of Capital Stock to be transferred and a description of the Options, if any, to be transferred and the number of shares of Capital Stock for which such Options are exercisable ("collectively, Offered Securities"), (ii) the identity of the prospective transferee(s) (the "Proposed Transferee"), (iii) the consideration, if any (the "Offered Price"), and the material terms and conditions upon which the proposed Transfer is to be made (the "Offered Terms"), and (iv) an offer to sell the Offered Securities to the Offeree Stockholders at the Offered Price and on the Offered Terms. The Transfer Notice must certify that the Transferring Stockholder has received a bona fide offer from the Proposed Transferee(s) and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice. The Transfer Notice must also include a copy of any written proposal, term sheet, or letter of intent or other agreement relating to the proposed Transfer. Upon the request of the Company or any Offeree Stockholder, the Transferring Stockholder shall promptly furnish to the Company or to such Offeree Stockholder such other information as may reasonably be requested to establish that the offer from the Proposed Transferee(s) is bona fide. If the Offered Price includes consideration other than cash or if there is no consideration, the cash-equivalent value of the non-cash consideration or the Fair Market Value of the

Offered Securities, as the case may be, will be determined by the Board in good faith pursuant to the Required Board Approval.

(b) Offeree Stockholders' Option. The Offeree Stockholders will have an option for a period of 20 Business Days from receipt of the Transfer Notice (the "Holder Option Period") to elect to purchase all (but not less than all) of such Offeree Stockholder's pro rata portion, calculated relative to the Capital Stock held by all Offeree Stockholders electing to purchase Offered Securities, at the same price and subject to the same material terms and conditions as described in the Transfer Notice (the "Holders' Purchase Option"). Each Offeree Stockholder may exercise the Holders' Purchase Option by so notifying the Transferring Stockholder in writing before expiration of the Holder Option Period. If one or more Offeree Stockholders gives the Transferring Stockholder notice that they desire to purchase Offered Securities, payment for such Offered Securities shall be in cash by certified check or wire transfer, against delivery of certificates representing such Offered Securities, at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than 30 Business Days after the Offeree Stockholders' receipt of the Transfer Notice. Any Offered Securities not elected to be purchased by the end of the Holder Option Period will be re-offered for a five-day period by the Transferring Stockholder to the Offeree Stockholders who have elected to purchase their full pro-rata portion of the Offered Securities; if such Offeree Stockholders collectively subscribe for more than the available Offered Securities, such Offered Securities will be allocated on a pro-rata basis.

(c) Transferring Stockholder's Right to Transfer. If the Offeree Stockholders do not exercise the Holders' Purchase Option with respect to all of the Offered Securities, then all elections to purchase such Offered Securities shall be null and void and the Transferring Stockholder may Transfer the Offered Securities to the Proposed Transferee at the Offered Price or at a higher price as long as such Transfer is consummated within 75 days after the date of the Transfer Notice. If the Offered Shares are not transferred to the Proposed Transferee within such period, a new Transfer Notice must be given before the Transferring Stockholder may Transfer any Capital Stock or Options.

4.3 Tag-Along Rights. (a) If one or more Stockholders other than Lear NAOC ("Selling Stockholder") proposes to sell Capital Stock to a third party purchaser (the "Prospective Purchaser") pursuant to a bona fide offer to purchase such Capital Stock (a "Qualified Offer"), such Selling Stockholders may engage in such transaction, subject to their prior compliance with Section 4.2, only if they assure that the other Stockholders or holders of Options ("Tag-Along Stockholders") also shall be afforded the right to sell a proportionate share of their Capital Stock or Options to the Prospective Purchaser simultaneously therewith on terms and conditions at least as favorable to the Selling Stockholders as the terms and conditions set out in the Qualified Offer. Upon receipt by one or more Selling Stockholders of a Qualified Offer, the Selling Stockholders shall notify the Tag-Along Stockholders in writing of such offer and its terms and conditions (the "Offer Notice"), which written notice shall include the name of the Prospective Purchaser and the consideration offered in connection therewith. In

order to exercise their right to sell their Capital Stock or Options as set forth above, the Tag-Along Stockholders must provide written notice of such intention to the Selling Stockholders within 20 days after the date of their receipt of the Offer Notice. If the Tag-Along Stockholders do not provide such written notice within 20 days, the Selling Stockholders may sell their Capital Stock to the Prospective Purchaser on the terms of the Qualified Offer as long as such sale is consummated within 75 days after the date of the Offer Notice. If the Capital Stock is not transferred to the Prospective Purchaser within such period, a new Offer Notice must be given before the Selling Stockholders may sell any Capital Stock. Each participating Tag-Along Stockholder individually, not jointly and severally, shall make such Tag-Along Stockholder's proportionate share of any representations and warranties made in connection with any such Transfer. In no event shall any Tag-Along Stockholder be liable for indemnification or similar obligations in connection with such Transfer other than severally on a pro rata basis in an amount not greater than the proceeds actually received by such Tag-Along Stockholder in connection with such Transfer.

(b) The co-sale rights provided to any Tag-Along Stockholder under Section 4.3(a) shall be applicable to any direct or indirect sale (including by means of a merger, reorganization, or other similar transaction) of the Capital Stock of the Company held by a Stockholder, other than Lear NAOC, including any transfer (including by means of a merger, reorganization, or other similar transaction) of all or substantially all of the issued and outstanding capital stock, or its equivalent, of such Stockholder or its Affiliates to a third party; provided that Section 4.3(a) shall not apply to an indirect transfer of Capital Stock caused by changes in the identity of or investors in advisory clients of Franklin or funds or other investment vehicles included in the definition of "WLR" or a transfer of Capital Stock by a Stockholder that is an advisory client of Franklin or a limited partner or comparable passive investor in a fund or other investment vehicle included in the definition of "WLR" that receives capital stock pursuant to a normal course distribution (including a winding up) pursuant to the constituent documents of such fund or other investment vehicle.

4.4 Sale of the Company.

(a) If the Board approves a Sale Transaction in accordance with Section 3.4, each Stockholder will consent to such Sale Transaction and will vote all of its Capital Stock in favor of such Sale Transaction, if such vote is required under applicable law, and, if Capital Stock is to be transferred, will Transfer all of its Capital Stock and Options on the terms and subject to the terms and conditions of such Sale Transaction. Subject to Section 4.4(b), each Stockholder agrees to (i) cooperate in any Sale Transaction as reasonably requested by the Board and (ii) execute and deliver all documents and instruments reasonably requested by the Board, in each case, as are required in order to effectuate such Sale Transaction.

(b) The obligations of each Stockholder set forth in Section 4.4(a) in connection with a Sale Transaction are subject to the satisfaction of the following conditions: (i) upon the consummation of the Sale Transaction, each Stockholder of the same class shall receive or have the option to receive the same form of consideration

and the same amount of per share consideration (with respect to any Options on an as converted or exercised basis); (ii) if any Stockholder is given an option as to the form and amount of consideration to be received, each Stockholder of the same class shall be given the same option; and (iii) (in the case of Lear NAOC only) if the consideration to be received by the Stockholders for the Capital Stock or Options upon consummation of the Sale Transaction does not consist of cash or Marketable Securities any securities issued to Lear NAOC as consideration for the Sale Transaction will be subject to substantially similar liquidity protections (whether granted by the buyer or another party) as those set forth in this Agreement. Each Stockholder individually, not jointly or severally, shall make such Stockholder's proportionate share of any representations and warranties made in connection with any such Sale Transaction; provided, however, that while Lear NAOC may be required to provide its proportionate share of indemnification with respect to representations and warranties regarding the Company, in no event shall Lear NAOC be required to make any representations and warranties other than with respect to title to the Capital Stock or Options to be sold by Lear NAOC in connection with such Sale Transaction, its authority to enter into and perform its obligations in connection with such Sale Transaction, and the lack of any conflicts resulting from its execution, delivery and performance of the documents and transactions in connection with such Sale Transaction. In no event shall any Stockholder be liable for indemnification or similar obligations in connection with such Sale Transaction in an amount greater than the proceeds actually received by such Stockholder in connection with such Sale Transaction. Notwithstanding the above, the Board, if requested by Lear NAOC, shall use commercially reasonable efforts to obtain the agreement of the purchaser in a Sale Transaction to purchase the Lear Warrant (as adjusted to account for the exercise price thereof) without requiring the holder thereof to exercise the Lear Warrant in connection with such Sale Transaction.

4.5 Call Option. If Lear NAOC intends to make a Lear Demand Request, it will first notify the Company (whether before or after the date on which Lear NAOC has the right to exercise a Demand Registration Right) and will offer (and/or cause to be offered) to WLR (as long as WLR is a Majority Stockholder) and Franklin (as long as Franklin is a Minority Stockholder) (the "Optionholders") the option (the "Call Option") to acquire all (but not less than all) of the shares of Capital Stock and Options held by it (and its Permitted Transferees) at the Call Price by delivering written notice to that effect (a "Call Notice") to the Company, WLR and Franklin. The Call Option may be exercised by the Optionholders only in whole and not in part. The Optionholders may assign the Call Option to the Company, but only in whole and not in part.

(a) **Determination of Call Price.** Upon delivery of a Call Notice to the Optionholders, the Optionholders and Lear NAOC shall endeavor in good faith to promptly determine the applicable Call Price. If the Optionholders and Lear NAOC cannot agree on the applicable Call Price within 10 days after the delivery of the Call Notice, as the case may be, they will, as soon as practicable, select an Arbiter to determine the applicable Call Price. If the Optionholders and Lear NAOC cannot agree on an Arbiter within 12 days after delivery of the Call Notice, the Optionholders and Lear NAOC shall each select an Arbiter and shall each instruct their respective Arbiters to select, within 15 days after delivery of the Call Notice, a third Arbiter to determine the

Call Price. The Optionholders and Lear NAOC shall instruct the selected Arbiter to determine the Call Price within 30 days after delivery of the Call Notice. The determination of the Call Price by such selected Arbiter shall be final, binding and conclusive, absent manifest error; provided, that following the determination of the Call Price, Lear NAOC can withdraw its Lear Demand Request and the Call Option by written notice to the Optionholders within 10 days after the determination of the Call Price (a “Lear Demand Withdrawal”). Lear NAOC and the Company shall bear all fees, costs and expenses of the Arbiters engaged pursuant to this Section 4.5 in proportion to Lear NAOC’s Percentage Interest relative to the Optionholders’ aggregate Percentage Interest.

(b) Exercise of Call Option. If after the Call Price is agreed or determined and absent a Lear Demand Withdrawal, an Optionholder wishes to exercise the Call Option, it will notify Lear NAOC of its intention to do so within 10 days of the Call Price being agreed or determined and will specify the number of shares of Capital Stock and/or Options it wishes to acquire. In the event of competition between the Optionholders, the number of shares of Capital Stock and/or Options to be acquired by them pursuant to the Call Option shall be calculated on a pro rata basis (“Proportionate Interests”), relative to the Capital Stock and/or Options held by all Optionholders wishing to exercise the Call Option (“Accepting Optionholders”).

(c) Closing of the Call Option. The closing of the Call Option pursuant to this Section 4.5 (a “Call Option Closing”) shall occur on a Business Day specified by written notice from the Optionholder holding the greater Proportionate Interest to Lear NAOC no later than five Business Days prior to the proposed Call Option Closing. The Call Option Closing shall occur no later than 30 days after the final determination of the Call Price. At the Call Option Closing, the Accepting Optionholders shall pay, without condition, Lear NAOC the applicable Call Price by wire transfer in lawful money of the United States of America and in immediately available funds, and Lear NAOC shall deliver to the Accepting Optionholders an assignment of, and any certificates evidencing, the Capital Stock and Options being transferred to them respectively.

4.6 Redemption. Upon the occurrence of a Redemption Event in relation to any Stockholder (the “Affected Stockholder”), if the Board (excluding any director designated by the Affected Stockholder) so elects (by written notice (the “Redemption Notice”) to the Affected Stockholder within 30 days after the Company becomes aware of the Redemption Event), all of the shares of Capital Stock and Options owned by the Affected Stockholder and any Affiliate of the Affected Stockholder shall be deemed automatically redeemed by the Company for the Redemption Price without further action of the Affected Stockholder, subject to the right of Lear NAOC to withdraw its delivery of a Pledge Notice as set forth below; provided, that if the Board reasonably expects that a Bankruptcy Decision is likely to occur with respect to a Stockholder, the Board may elect prior to the occurrence of any such Bankruptcy Decision that the Company shall exercise the redemption right pursuant to this Section 4.6, effective automatically upon the occurrence of a Bankruptcy Decision. The Redemption Price of the Capital Stock and Options of any Affected Stockholder shall be determined as of the date of the Redemption Event, as follows. Upon delivery of the Redemption Notice to

the Affected Stockholder, the Company and the Affected Stockholder shall endeavor in good faith to promptly determine the applicable Redemption Price. If the Company and the Affected Stockholder cannot agree on the applicable Redemption Price within 15 days after the delivery of the Redemption Notice, they will, as soon as practicable, select an Arbiter to determine the applicable Redemption Price. If the Company and the Affected Stockholder cannot agree on an Arbiter within 20 days after delivery of the Redemption Notice, the Company and the Affected Stockholder shall each select an Arbiter and shall each instruct their respective Arbiters to select, within 25 days after delivery of the Redemption Notice, a third Arbiter to determine the Redemption Price. The Company and the Affected Stockholder shall instruct the selected Arbiter to determine the Redemption Price within 50 days after delivery of the Redemption Notice. The determination of the Redemption Price by such selected Arbiter shall be final, binding and conclusive, absent manifest error. Lear NAOC shall have the right, exercisable within 10 days after determination of the Redemption Price, to withdraw its delivery of a Pledge Notice, in which event the Company shall not have the right to redeem Lear NAOC's Capital Stock and Options pursuant to this Section 4.6. The Affected Stockholder shall bear a portion of the fees, costs and expenses of the Arbiters engaged pursuant to this Section 4.6 equal to such Affected Stockholder's Percentage Interest. The Company shall bear the balance of such fees, costs and expenses. Payment for such redemption shall be made no later than 45 days after the later of delivery of the Redemption Notice and the final determination of the applicable Redemption Price. Each director designated by the Affected Stockholder shall be excluded from any Board decisions (and from the definition of "Required Board Approval") in connection with this Section 4.6 and, if the Affected Stockholder is a Minority Stockholder, its approval pursuant to Section 3.4(c) shall not be required in connection with any Company action in connection with this Section 4.6.

V. TAX MATTERS; ALLOCATIONS AND DISTRIBUTIONS

5.1 **Tax Characterization.** The Stockholders agree to a partnership characterization under section 301.7701-3 of the Regulations, and no election inconsistent with such treatment shall be made unless unanimously approved by the Board.

5.2 **Tax Matters Member.** WLR is designated as the tax matters partner of the Company pursuant to section 6231(a)(7) of the Code (the "Tax Matters Member") and must take such actions as are necessary to cause each other Stockholder to become a "notice partner" within the meaning of section 6223 of the Code. WLR may not take any action contemplated by sections 6223 through 6229 of the Code unless unanimously approved by the Board. Except as provided in Section 5.1 and in this Section 5.2, upon prior notice to Franklin and Lear NAOC, the Tax Matters Member is authorized to make all appropriate tax elections to be made by the Company. WLR may notify the Board that WLR no longer desires to serve as the Tax Matters Member; in such case, the Board will designate another Stockholder to serve as the Tax Matters Member.

5.3 Allocation of Profits and Losses. (a) Except as provided in Section 5.3(b) or 5.4, Profits and Losses will be allocated among the Stockholders in proportion to the number of shares of Common Stock held by each of them.

(b) Allocations Related to Capital Events. Upon the occurrence of a Capital Event, all items of income, gain, loss and deduction that are attributable to such Capital Event will be allocated among the Stockholders in a manner such that the Adjusted Capital Account balance of each Stockholder, immediately after giving effect to such allocation and taking into account all distributions made, will be, as nearly as possible, equal to such Stockholder's Target Balance.

5.4 Special Allocations.

(a) Notwithstanding any other provision of this Agreement, if there is a net decrease in Minimum Gain during any taxable year, each Stockholder shall be specially allocated items of Company income and gain for such year (and, if necessary, for subsequent years) in proportion to, and to the extent of, an amount equal to such Stockholder's share of the net decrease in Partnership Minimum Gain determined in accordance with Regulations Section 1.704-2(g)(2). The items to be so allocated shall be determined in accordance with Treasury Regulation Section 1.704-2(j)(2)(i). This Section 5.4(a) is intended to comply with the minimum gain chargeback requirement in the Regulations and shall be interpreted consistently therewith.

(b) Nonrecourse deductions for any taxable year shall be allocated to the Stockholders in proportion to the number of shares of Common Stock held by each of them. For purposes of this Section 5.4(b), "nonrecourse deductions" shall have the meaning set forth in Section 1.704-2(b)(1) of the Regulations.

(c) Notwithstanding any other provision of this Agreement, if there is a net decrease in Stockholder Minimum Gain attributable to Stockholder Nonrecourse Debt during any taxable year, each Stockholder who has a share of the Stockholder Minimum Gain attributable to such Stockholder Nonrecourse Debt shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent Company taxable years) equal to such Stockholder's share of the net decrease in Stockholder Minimum Gain. The items to be so allocated shall be determined in accordance with Treasury Regulation Section 1.704-2(j)(2)(ii). Any Stockholder's share of the net decrease in Stockholder Minimum Gain shall be determined in accordance with Regulation Section 1.704-2(i)(5). This Section 5.4(c) is intended to comply with the partner minimum gain chargeback requirements in the Regulations and shall be interpreted consistently therewith.

(d) Any Stockholder Nonrecourse Deductions for any taxable year shall be specially allocated to the Stockholder who bears the economic risk of loss with respect to the Stockholder Nonrecourse Debt to which such Stockholder nonrecourse deductions are attributable in accordance with Regulation Section 1.704-2(i). The amount of Stockholder Nonrecourse Deductions with respect to a Stockholder Nonrecourse Debt for a taxable year equals the excess, if any, of the net increase, if

any, in the amount of Stockholder Minimum Gain attributable to such Stockholder Nonrecourse Debt during that Taxable year over the aggregate amount of any distributions during that taxable year to the Stockholder that bears the economic risk of loss for such Stockholder Nonrecourse Debt to the extent such distributions are from the proceeds of such Stockholder Nonrecourse Debt and are allocable to an increase in Stockholder Minimum Gain attributable to such Stockholder Nonrecourse Debt, determined in accordance with Regulation Section 1.704-2(i)(1).

(e) In the event any Stockholder unexpectedly receives any adjustment, allocation or distribution described in paragraphs (4), (5) or (6) of Regulation Section 1.704-1(b)(2)(ii)(d), a pro rata portion of each item of Company income and gain shall be specially allocated to the Stockholder in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Stockholder as quickly as possible. The items to be allocated will be determined in accordance with Regulations Section 1.704-1(b)(2)(ii)(d)(6). This Section 5.4(e) is intended to comply with Regulations Section 1.704-1(b)(2)(ii)(d) and will be applied and interpreted in accordance with such regulation; provided, that an allocation pursuant to this Section 5.4(e) shall be made only if and to the extent that such Stockholder would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.4(e) were not in the Agreement.

(f) In the event that any Stockholder has a deficit balance in its Adjusted Capital Account at the end of any taxable year, that Stockholder shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 5.4(f) shall be made only if and to the extent that such Stockholder would have a deficit balance in its Adjusted Capital Account after all other allocations provided for in this Article V have been made as if Section 5.4(e) and this Section 5.4(f) were not in this Agreement.

(g) No items of loss or deduction will be allocated to any Stockholder to the extent that any such allocation would cause the Stockholder to have (or increase the amount of) a Deficit balance in its Adjusted Capital Account at the end of any Company taxable year. All items of loss or deduction in excess of the limitation set forth in this Section 5.4(g) shall be allocated among such other Stockholders, which do not have a deficit balance in their Adjusted Capital Accounts, pro rata, in proportion to the number of shares of Common Stock held by each of them, until no Stockholder may be allocated any such items of loss or deduction without having or increasing such a deficit balance in its Adjusted Capital Account. Thereafter, any remaining items of loss or deduction shall be allocated to the Stockholders, pro rata, in proportion to the number of shares of Common Stock held by each of them.

(h) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of that adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or

loss (if the adjustment decreases the basis of the asset), then that gain or loss shall be specially allocated to the Stockholders in the manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Regulation.

(i) The allocations set forth in Section 5.4(a) through (h) hereof (the “Regulatory Allocations”) are intended to comply with certain requirements of Treasury Regulations Section 1.704-1(b) and 1.704-2. The Regulatory Allocations may not be consistent with the manner in which the Stockholders intend to divide Company distributions. Accordingly, the Board is authorized to divide allocations of Profits, Losses and other items among the Stockholders so as to prevent the Regulatory Allocations from distorting the manner in which Company distributions are required to be divided among the Stockholders pursuant to this Agreement. In general, the Stockholders anticipate that this will be accomplished by specially allocating Profits and Losses and items of income, gain, loss and deduction among the Stockholders so that the net amount of the Regulatory Allocations and such special allocations to each Stockholder is zero. The Board will have discretion to accomplish this result in any reasonable manner.

(j) In the event that a guaranteed payment to a Stockholder is ultimately recharacterized as a distribution for federal income tax purposes (as the result of an audit of the Company’s return or otherwise) and if such recharacterization has the effect of disallowing a deduction or reducing the adjusted basis of any asset of the Company, then an amount of Company gross income equal to such disallowance or reduction shall be allocated to the recipient of such payment. In the event that a distribution to a Stockholder is ultimately recharacterized as a guaranteed payment for federal income tax purposes (as a result of an audit of the Company’s return or otherwise), and if any such recharacterization gives rise to a deduction, such deduction shall be allocated to the recipient of the distribution.

(k) The expense for each tax paid or accrued by the Company shall be allocated to each Stockholder’s Capital Account in proportion to the allocation among such Capital Accounts of the income to which such tax relates (in the manner contemplated by Regulations Section 1.704-1(b)(4)(viii) and the examples relating thereto). In so allocating expense for each tax paid or accrued by the Company, the Company will not take into account revaluation gains and losses, as described in paragraph (b) of the definition of “Book Value,” in computing the total income, expenses, gains and losses allocated to each Capital Account.

5.5 Distributions. (a) The Board may approve the payment of Distributions to Stockholders from time to time, subject to Section 3.4(c). Distributions may be authorized, declared and paid by the Board in any amount that it deems to be in the best interests of the Company and its Stockholders, provided, however, that the Board may not authorize the payment of any Distribution in any fiscal year that would be reasonably likely to result in the Company’s (i) breach or violation of any ongoing contractual obligation of the Company or any of its Subsidiaries or (ii) violation of applicable law.

(b) Subject to the limitations of Section 5.5(a), the Board will authorize, declare and pay quarterly Distributions to Stockholders in an amount at least equal to the estimated U.S. federal, state or local taxes such Stockholders will be required to pay by virtue of the allocation of Company taxable income to such Stockholders (the “Tax Distribution”). The amount of the Tax Distribution for each Stockholder for any fiscal period will be calculated by approximating each such Stockholder’s or, in the case of a pass-through entity, its direct or indirect equity holders’, tax liability in respect of taxable income allocated to it during the preceding quarter, and using the single highest effective tax rate determined by the Board in good faith for application to all Stockholders. Further, to the extent the Company is required by any federal, state or local law or regulation to withhold from, or pay income taxes with respect to, any distribution or allocation to any member, such amount of taxes withheld or paid shall be considered as a distribution to pay taxes under this Section 5.5. The amount of such taxes withheld or paid with respect to any Stockholder shall be applied against the amount of the distribution otherwise payable to the Stockholder under this Section 5.5. Any Tax Distribution made to a Stockholder will be treated as having been distributed under Section 5.5(c) or Section 5.5(d), as applicable, and thus will reduce, dollar for dollar, the distributions to which such Stockholder would otherwise be entitled pursuant to Section 5.5(c) or Section 5.5(d).

(c) Subject to the limitations of Section 5.5(a), the Board may authorize, declare and pay Distributions to Stockholders in addition to those required pursuant to Section 5.5(b). Such distributions will be made to the Stockholders in proportion to the number of shares of Common Stock held by each of them.

(d) Upon the liquidation of the Company, distributions of the assets of the Company to the Stockholders will be made in proportion to the number of shares of Common Stock held by each of them. It is intended that such distributions will result in the Stockholders receiving aggregate distributions equal to their respective positive Capital Account balances, after giving effect to all adjustments for the taxable year in which liquidation of the Company occurs. However, if the positive balances in the Capital Accounts of the Stockholders are not equal to the amounts to be distributed to each such Stockholder pursuant to this Section 5.5(d), constituent items of income, gain, loss and deduction will be reallocated among the Stockholders for the year of liquidation, to the extent permissible under Code Section 704(b) (and, if necessary and permissible under Code Section 704(b), for prior Company taxable years for which the deadline (determined without regard to extensions) for the filing of the Company’s federal income tax return has not passed), so as to cause the balances in the Capital Accounts of the Stockholders to be in the amounts necessary to assure that such result is achieved.

5.6 Allocations and Distributions to New Stockholders. If shares of Common Stock are transferred or if additional shares of Common Stock are issued to a new Stockholder during any fiscal year, Profits and Losses for the fiscal year will be allocated to the new Stockholder in accordance with section 706(d) of the Code, using any conventions permitted by law and selected by the Stockholders. All Distributions on

or before the date of a transfer will be made to the transferor, and all Distributions after the date of a transfer must be made to the transferee.

5.7 Capital Accounts. The Company will maintain an accounting record of each Stockholder's capital interest in the Company as determined under the rules set forth in Regulation Section 1.704-1(b) (a "Capital Account"). There shall be credited to each Stockholder's Capital Account (a) the amount of any contribution of cash by that Stockholder, (b) the Book Value of property contributed by that Stockholder, (c) that Stockholder's allocable share of Profits and any items in the nature of income or gain that are specially allocated to that Stockholder, and (d) the amount of any Company liabilities assumed by such Stockholder or which are secured by any property distributed to such Stockholder. There shall be debited against each Stockholder's Capital Account (i) the amount of all distributions of cash to that Stockholder unless a distribution to the Stockholder is a loan or is deemed a payment under Code Section 707(c), (ii) the Book Value of property distributed to that Stockholder by the Company, (iii) that Stockholder's allocable share of Losses and any items in the nature of expenses or losses which are specially allocated to that Stockholder, and (iv) the amount of any liabilities of such Stockholder assumed by the Company or which are secured by any property contributed by such Stockholder to the Company. This definition of Capital Account and the other provisions herein relating to the maintenance of Capital Accounts are intended to comply with Regulation Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with those Regulation Sections. In the event the Board reasonably determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with that Regulation, the Board may make such modification, provided that such modifications are not reasonably expected to materially alter the amount and timing of distributions to the Stockholders pursuant to Section 5.5 hereof. The Board shall also make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulation Sections 1.704-1(b) and 1.704-2, provided that such modifications are not reasonably expected to materially alter the amount and timing of distributions to the Stockholders pursuant to Section 5.5 hereof.

5.8 Tax Allocations. (a) Any item of income, gain, deduction or loss (including creditable foreign tax expenditures) with respect to any property (other than money) that has been contributed by a Stockholder to the capital of the Company and which is required to be allocated to Stockholders for income tax purposes under section 704(c) of the Code so as to take into account the variation between the tax basis of such property and its Book Value at the time of its contribution, will be allocated to the Stockholders for income tax purposes using such method permitted under section 1.704-3 of the Regulations as the Company may select through unanimous consent of the Board. If the Capital Accounts are adjusted pursuant to section 1.704-1(b)(2)(iv)(f) or (g) of the Regulations with respect to a revaluation of any asset of the Company, subsequent allocations of income, gain, loss, and deduction, including depreciation or deductions for cost recovery with respect to such asset, will take account of any variation between the then existing adjusted basis of such asset for federal income tax purposes and the Book Value of such asset as required by

section 1.704-1(b)(2)(iv)(g) of the Regulations. Notwithstanding the foregoing, if any Stockholder contributed property with an adjusted tax basis in excess of the initial Book Value for such property, the Company shall take into account such variation only in determining the amount of items allocated to the contributing Stockholder, and except as provided in Regulations, in determining the amount of items allocated to the noncontributing Stockholders, the tax basis of the contributed property in the hands of the Company shall be treated as being equal to its initial Book Value. Creditable foreign tax expenditures shall be allocated among the Stockholders for federal income tax purposes by taking into account such 704(c) built-in gain or loss as provided in Regulations Section 1.704-1(b)(4)(viii)).

(b) Each Stockholder represents and warrants that by executing this Agreement or a joinder to this Agreement it is aware of the income tax consequences of allocations of profit and loss and hereby agrees to report its share of such profits and loss for income tax purposes in a manner consistent with such allocations.

5.9 **Tax Withholding.** Each Stockholder agrees to allow the Company or the Tax Matters Member to make appropriate tax withholdings pursuant to section 1446 of the Code. Any federal tax obligation withheld on distributable net income by the Company or by the Tax Matters Member pursuant to section 1446 of the Code will be directly attributable to the Stockholder or Stockholders that are subject to such withholding in proportion to each Stockholder's share of distributable net income.

5.10 **Section 754 Elections.** The Company shall be required to make a section 754 election upon proper notice and request of a transferee Stockholder and provide information to the Stockholders regarding the adjustment to the transferee.

5.11 **Grant of Profits Interest in Exchange for Services.** By executing this Agreement, the Stockholders and the Company agree that the Company and the Board are authorized and directed to take such actions (including the making of an appropriate tax elections) as may be required by any authority that may be issued in the future with respect to the taxation of "profits interests" transferred in connection with the performance of services to conform the tax consequences to any Stockholder that receives such "profits interest" as closely as possible to the consequences under Revenue Procedure 93-27 and Revenue Procedure 2001-43. The Company and each of its Stockholders (including the "profits interest" recipient Stockholder) agree to comply with all requirements imposed in respect of such actions and consents to the amendment of this Agreement to the extent such subsequent authority in order to permit the issuance of such "profits interests," provided that such amendment is not materially adverse to any Stockholder (other than due to a lower tax deduction to the Company).

5.12 **Preparation of Tax Returns.** The Company shall arrange for the preparation by the independent certified public accountants retained by the Company of, and the timely filing of all returns of the Company for federal, state, local and foreign tax purposes and shall cause to be furnished to the Stockholders, the tax information reasonably required for the Stockholders' federal, state, local and foreign tax reporting purposes (including but not limited to required U.S. reporting of foreign operations) on or

before June 30th of each year in the U.S. The classification, realization and recognition of income, gain, losses and deductions and other items, for tax purposes, shall be on that method of accounting adopted by unanimous consent of the Stockholders.

5.13 **Tax Controversies.** The Tax Matters Member is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. The Tax Matters Member agrees to promptly provide to the other Stockholders copies of any correspondence or other documents received from or sent to any federal, state, local or foreign tax authorities relating to any examination of the Company's affairs. Each Stockholder, shall at its own expense, be permitted to attend and participate in any discussions, negotiations or proceedings in which the Tax Matters Member is involved on behalf of the Company.

5.14 **Capital Account Deficit Restoration.** No Stockholder shall be obligated to restore after the liquidation of the Company any deficit in its Adjusted Capital Account balance, and no creditor of the Company shall have any right to enforce any obligation to restore any deficit Adjusted Capital Account balance of any Stockholder.

5.15 **Tax Elections and Other Tax Matters.** Unless otherwise specifically provided herein, all United States federal income tax elections applicable to the Company shall be made by the unanimous approval of the Board. In addition, if proposed Treasury Regulation Section 1.704-1(s) is finalized, or a similar regulation is promulgated, the Stockholders will cooperate in good faith to avoid the recognition by Lear NAOC of any taxable income or taxable gain in respect of Lear NAOC's exercise of the Lear Warrant.

VI. OTHER COVENANTS

6.1 **Public Offering.** (a) Lear Demand Request. Provided that Lear NAOC has first complied with Section 4.5 and either the Call Option granted pursuant thereto has not been exercised or the Call Option has been exercised but the Call Option Closing has not occurred by the date that is 20 days after the final determination of the Call Price, Lear NAOC may exercise its demand registration rights set forth in the Registration Rights Agreement (a "Lear Demand Request"). Lear NAOC's right to make the Lear Demand Request will terminate upon Lear NAOC's transfer of any shares of Capital Stock or Options other than (i) in connection with a pledge (or exercise pursuant thereto) of all of the Capital Stock and Options owned by Lear NAOC permitted pursuant to Section 4.1(a), or (ii) a Transfer in accordance with this Agreement.

(b) Board Decision. Subject to Section 3.4(b), in the event that the Board determines pursuant to the Required Board Approval that it would be advisable to cause the equity of the Company or its business to be sold to the public in a Public Offering, it may invoke Section 6.1(c).

(c) **Reorganization.** If a Lear Demand Request is made or Section 6.1(b) is invoked, the Board shall seek to facilitate a Public Offering by:

(i) interposing between the Company and the Subsidiaries a corporation that would be suitable for having its equity sold to the public in a Public Offering (a “Newco”) or (ii) causing the Company to be reorganized (including by way of merger, conversion, recapitalization, asset and liability transfer, or equity exchange) into a Newco. The Board shall accomplish the foregoing (a “Reorganization”) as promptly as practicable in such manner as it reasonably deems appropriate, efficient (including in terms of tax treatment) and in the best interests of each of the Stockholders, subject to the requirements of this Section 6.1. The organizational documents of Newco will be in such form as is approved by the Board, and each Stockholder agrees to vote its shares of Capital Stock and execute all documents and agreements as reasonably requested by the Board in furtherance of a Reorganization.

(d) **Consummation of the Reorganization.** Upon the consummation of the Reorganization, each Stockholder will be entitled to cause the Company to redeem or exchange all (but not less than all) of its Capital Stock for the applicable pro rata portion of the Newco common stock held by the Company, with fractional shares of Newco common stock rounded or cashed out in an equitable manner, as determined by the Board in good faith.

6.2 **Confidentiality.** Any Stockholder receiving any Confidential Information related to the Company or its Subsidiaries or Affiliates agrees to keep such Confidential Information confidential and not disclose such Confidential Information to any third party without the prior written consent of the Company (in its sole discretion), provided that nothing in this Agreement will prevent such Stockholder from disclosing such Confidential Information (i) as required by law, regulation, other legal process or the rules of any national stock exchange applicable to such Stockholder or any of its Affiliates, (ii) to its limited partners or shareholders, representatives (including attorneys and accountants), agents and affiliates, provided such Persons agree to be bound by the provisions of this Section 6.2, (iii) as part of such Stockholder’s normal reporting, rating or review procedures (including normal credit rating or pricing process) and (iv) in connection with the transfer or proposed transfer of Common Stock, if the transferee or proposed transferee agrees in writing to be bound by the provisions hereof.

6.3 **Information Rights.** (a) The Company will, and will cause each of its Subsidiaries, Affiliates, officers, directors, employees, auditors and agents, to afford each of WLR, Lear NAOC and Franklin (as long as it is a Majority or Minority Stockholder, as applicable) and its representatives and agents, upon reasonable notice, reasonable access during business hours to its officers, employees, auditors, agents, properties, offices and other facilities and to all books and financial and other records of the Company and the Subsidiaries.

(b) The Company will furnish to each Stockholder the following:

(i) within 30 days following the conclusion of each of the Company’s first three fiscal quarters of each fiscal year, quarterly

unaudited consolidated financial statements of the Company and the Subsidiaries;

(ii) within 60 days following the conclusion of the Company's fiscal year, annual audited consolidated financial statements of the Company and the Subsidiaries audited by the Company's independent accountants;

(iii) within 15 days following the conclusion of each month, unaudited consolidated financial statements of the Company and the Subsidiaries for such month;

(iv) within 15 days following the conclusion of each of the Company's first three fiscal quarters of each fiscal year, quarterly U.S. GAAP tax accrual workpapers prepared in accordance with SFAS 109, Accounting for Income Taxes; and

(v) within 30 days following the conclusion of the Company's fiscal year, annual U.S. GAAP tax accrual workpapers prepared in accordance with SFAS 109, Accounting for Income Taxes.

6.4 WLR Advisory Fee. For as long as WLR is the Majority Stockholder, WL Ross & Co. LLC shall be entitled to the following advisory fees: (a) in the case of a cash capital contribution by Franklin or Lear NAOC to the Company or a Subsidiary, other than capital contributions (i) by Lear NAOC or Franklin pursuant to Section 2.3 or (ii) by Lear NAOC pursuant to Section 2.2, Franklin or Lear NAOC, as the case may be, will pay WL Ross & Co. LLC an advisory fee equal to 1.5% of such cash capital contribution; and (b) in the case of a cash capital contribution to the Company or a Subsidiary from a Person other than WLR, Franklin or Lear NAOC, such Person will be required to pay WL Ross & Co. LLC an advisory fee equal to 4.0% of such cash capital contribution. The advisory fee shall be payable in cash contemporaneously with, and as a condition to, the capital contribution on which it is based. For the avoidance of doubt, the parties acknowledge and agree that WL Ross & Co. LLC shall not be entitled pursuant to this Section 6.4 to any advisory fee in connection with a Transfer of Capital Stock by a Stockholder or in connection with a Public Offering.

6.5 Noncompetition. (a) Each of WLR and Franklin, each on behalf of itself and its Affiliates, and Lear NAOC, on behalf of itself and Lear Corporation and its Subsidiaries, agrees that, as long as it is a Stockholder and, in the case of Lear NAOC and WLR, for a period of one year thereafter (the "Non-Compete Period"), it will not at any time without the prior written consent of the Company, directly or indirectly, in any state, territory or possession of the United States of America, the United Mexican States or Canada in which the Business has material operations as of the date of the Lear Acquisition Agreement (the "Territory") form, acquire, finance, own an interest in, operate or control an enterprise which is directly competitive with the Business (a "Competing Business"). Nothing herein shall prohibit any Stockholder from (x) being a passive owner, directly or indirectly, of not more than 20% of the outstanding equity, or

instruments convertible into 20% of the outstanding equity, of any Person that is a Competing Business which is publicly traded, so long as it does not have an active participation in the business of such Persons, or (y) managing investments in Competing Businesses for the account of Persons who are not Affiliates. Notwithstanding anything to the contrary in this Agreement, with respect to Lear NAOC the restrictions in this Section 6.5 shall terminate upon a Change in Control with respect to Lear NAOC or on the first anniversary of Lear NAOC's ceasing to be a Minority Stockholder; provided, that in the case of a Change in Control with respect to Lear NAOC, Lear NAOC or its successor shall (a) cause its Board designees (as designated pursuant to Section 3.3(a) herein) and Observers to immediately resign from the Board and each Subsidiary Board, (b) cease to have any right to appoint any individual to fill such vacancies, (c) retain in strict confidence any Confidential Information that it has obtained as a member of the Board or any Subsidiary Board, as the case may be, and shall not use for any purpose whatsoever, or divulge, disseminate or disclose to any third party or Person involved in a Competing Business, any such Confidential Information, it being understood that the exceptions in clauses (ii)-(iv) of Section 6.2 shall no longer apply to Lear NAOC or its successor, and (d) no longer be entitled to receive any Confidential Information. Notwithstanding anything to the contrary in this Agreement, Lear NAOC shall be entitled to: (i) engage in sequencing activities in relation to a Competing Business, (ii) to generate annual gross revenues of up to \$200,000,000 attributable to a Competing Business (as determined without regard to sequencing revenues), if such revenues are attributable to ancillary activities of Lear NAOC relating to Lear NAOC's core business operations, provided, that Lear NAOC shall first provide the Company the opportunity to bid for such ancillary activities and will award such activities to the Company if its bid is more competitive than the terms on which Lear NAOC is willing to provide such activities, and (iii) engage in activities related to the development, manufacture and/or sale of automotive seats or seat components, electrical distribution systems or components, or electronic systems or components. In addition, notwithstanding the above, in the event Lear NAOC directly or indirectly acquires all of or any portion of any Person, whether by merger, consolidation, purchase of assets or otherwise, this Section 6.5 shall not apply with respect to the continued operation of the business of such Person if (i) such Person, at the time of the acquisition, has annual gross revenue from a Competing Business equal to or less than \$100,000,000, or (ii) such Person, at the time of the acquisition, has annual gross revenue from a Competing Business greater than \$100,000,000 and, in the case of clause (ii), Lear NAOC disposes of such Competing Business to a third party purchaser within 15 months after the acquisition thereof; provided that in each case Lear NAOC does not provide Confidential Information to any Person involved in such Competing Business.

(b) The Stockholders agree that the covenants set forth in this Section 6.5 are reasonable in temporal and geographical scope and in all other respects.

(c) The Company and the Stockholders intend that the covenants of this Section 6.5 shall be deemed to be a series of separate covenants, one for each country or province of each and every state, territory or jurisdiction of each country within the Territory and one for each month of the Non-Compete Period.

(d) If, at the time of enforcement of this Section 6.5, a court shall hold that the duration or scope stated herein is unreasonable under circumstances then existing, the Company and the Stockholders agree that the maximum duration or scope under such circumstances shall be substituted for the stated duration or scope and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period and scope permitted by law.

(e) Each of the Minority Stockholders shall have the right to seek to enforce the terms of this Section 6.5 against any of the other Stockholders.

(f) Each Stockholder recognizes and affirms that in the event of its breach of any provision of this Section 6.5, money damages would be inadequate and the Company would not have an adequate remedy at law. Accordingly, each Stockholder agrees that in the event of a breach or a threatened breach by any Stockholder of any of the provisions of this Section 6.5, the Company and the Stockholders, in addition and supplementary to other rights and remedies existing in its favor, may apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security).

(g) For purposes of this Section 6.5, “Stockholder,” “WLR” and “Franklin” shall mean, with respect to WLR and Franklin, WLR and Franklin and each of their Affiliates, and “Stockholder” and “Lear NAOC” shall mean, with respect to Lear NAOC, Lear NAOC and Lear Corporation and its Subsidiaries.

VII. GENERAL

7.1 Waivers and Consents; Amendments. (a) No course of dealing and no delay in exercising any rights hereunder will operate as a waiver of the rights hereof. No provision hereof may be waived other than by a written instrument signed by the party or parties waiving such provision. The Company shall not waive any provision of this Agreement without the consent of each of the Minority Stockholders. Except as provided in Section 7.1(b), this Agreement may only be amended by the Required Board Approval and the consent of each of the Minority Stockholders, provided, that no amendment shall (i) change the limitation on liability of the Stockholders or the Stockholders’ right to distributions on a pro rata basis in each case without the written consent of each affected Stockholder or (ii) adversely affect any Stockholder without the written consent of the Stockholder so adversely affected.

(b) The Stockholders hereby specifically consent to the amendment of this Agreement from time to time in such manner as is determined by counsel for the Company to be necessary upon publication of final regulations in the federal Register (or other official pronouncement), to provide for (A) the election of a safe harbor under proposed Treasury Regulations Section 1.83-3(l) (or any similar provision) under which the fair market value of Capital Stock that is transferred in connection with the performance of services is treated as being equal to the liquidation value of that interest, (B) an agreement by the Company and all of its Stockholders to comply with all the requirements set forth in such proposed Treasury Regulations and Notice 2005-43 (and

any other guidance provided by the Internal Revenue Service with respect to such election) with respect to all Common Stock transferred in connection with the performance of services while the election remains effective, and (C) any other related amendments.

7.2 Governing Law. This Agreement will be deemed to be a contract made under, and will be construed in accordance with, the laws of the State of Delaware without giving effect to conflict of laws principles thereof.

7.3 Notices and Demands. Any notice or demand which is required or permitted to be given under this Agreement must be given, and will be deemed to have been sufficiently given for all purposes of this Agreement, on the date delivered by hand or distributed by fax or e-mail prior to 5:00 p.m., Eastern Standard Time (otherwise, such notice will be deemed received on the next succeeding business day in the place of receipt), or the next business day after being sent by overnight delivery by a reputable overnight courier service providing receipt of delivery, to the addresses of the Stockholders set forth on Schedule 1.

7.4 Remedies; Severability. It is specifically understood and agreed that any breach of the provisions of this Agreement by any Person subject hereto will result in irreparable injury to the other parties hereto, that the remedy at law alone will be an inadequate remedy for such breach and that, in addition to any other remedies which they may have, such other parties may enforce their respective rights by actions for specific performance (to the extent permitted by law). Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is deemed prohibited or invalid under such applicable law, such provision will be ineffective to the extent of such prohibition or invalidity, and such prohibition or invalidity will not invalidate the remainder of such provision or the other provisions of this Agreement.

7.5 Integration. This Agreement, including any exhibits or schedules referred to herein or attached hereto (each of which is a part of this Agreement), constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

7.6 Binding Agreement. This Agreement will be binding upon and enforceable by, and will inure to the benefit of, the parties hereto and their respective successors, heirs, executors, administrators and permitted assigns, and no others. Nothing in this Agreement will give any other Person not named herein the benefit of any legal or equitable right, remedy or claim under this Agreement. The rights and obligations under this Agreement are evidenced by the ownership of the Capital Stock and Options. Notwithstanding the foregoing, the rights of the Majority Stockholder and the Minority Stockholders in their capacities as such (i.e., in contrast to the rights of Stockholders generally) may only be transferred by WLR, Franklin and Lear NAOC in connection with a Transfer of Capital Stock and Options to their Permitted Transferees.

7.7 **Termination.** (a) This Agreement will terminate automatically on the earlier of:

- (i) the written agreement of the Stockholders; or
- (ii) the consummation of an initial Public Offering.

7.8 **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts (including facsimile copies), any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same agreement.

7.9 **Jurisdiction; Consent to Service of Process.** (a) Each party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the New York state court located in the Borough of Manhattan, City of New York or the United States District for the Southern District of New York (as applicable, the “New York Court”), and any appellate court from any such court, in any proceeding arising out of or relating to any Constituent Document, or for recognition or enforcement of any judgment resulting from any such proceeding, and each party hereby irrevocably and unconditionally agrees that all claims in respect of any such suit, action or proceeding may be heard and determined in the New York Court.

(b) It will be a condition precedent to each party’s right to bring any such proceeding that such proceeding, in the first instance, be brought in the New York Court (unless such proceeding is brought solely to obtain discovery or to enforce a judgment), and if each such court refuses to accept jurisdiction with respect thereto, such proceeding may be brought in any other court with jurisdiction; provided that the foregoing will not apply to any proceeding by a party seeking indemnification or contribution pursuant to any Constituent Document or otherwise in respect of a proceeding against such party by a third party if such proceeding by such party seeking indemnification or contribution is brought in the same court as the proceeding against such party.

(c) No party may move to (i) transfer any such proceeding from the New York Court to another jurisdiction, (ii) consolidate any such proceeding brought in the New York Court with a proceeding in another jurisdiction, or (iii) dismiss any such proceeding brought in the New York Court for the purpose of bringing the same in another jurisdiction.

(d) Each party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, (i) any objection which it may now or hereafter have to the laying of venue of any proceeding arising out of or relating to the Constituent Documents in the New York Court, (ii) the defense of an inconvenient forum to the maintenance of such proceeding in any such court, and (iii) the right to object, with respect to such proceeding, that such court does not have jurisdiction over such party. Each party irrevocably consents to service of process in any manner permitted by law.

7.10 **WAIVER OF JURY TRIAL.** EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATED TO THE TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

7.11 **No Strict Construction.** The parties have participated jointly in the preparation of the Constituent Documents. In the event an ambiguity or question of intent or interpretation arises, any provision contained in the Constituent Documents will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of the Constituent Documents.

7.12 **Certain Other Interpretive Matters.** (a) Titles and headings to Sections herein are inserted for convenience of reference only, and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(b) Unless the context otherwise requires, (i) all references to articles, sections or schedules are to articles, sections or schedules of this Agreement, (ii) the words “include”, “includes”, and “including” shall be deemed to be followed by “without limitation” whether or not they are in fact followed by such words or words of similar import, (iii) each term defined in this Agreement has the meaning assigned to it, and (iv) each accounting term not otherwise defined in this Agreement has the meaning assigned to it in accordance with U.S. GAAP. All references to “\$” or dollar amounts are references to lawful currency of the United States of America.

7.13 **Expenses.** All Reimbursable Expenses incurred by WLR, Franklin and Lear NAOC will be paid or reimbursed by the Company. The Company will pay and be responsible for all expenses and fees relating to its formation.

7.14 **Definitions.** For purposes of this Agreement, in addition to the terms defined elsewhere herein, the following terms have the following meanings when used herein with initial capital letters:

“2007 EBITDA” means the consolidated net income of the Business for calendar year 2007, (a) excluding (to the extent net income is reduced or increased or net loss is increased or reduced thereby), without duplication, (i) interest expense, (ii) provisions for taxes based on income, (iii) depreciation expense, (iv) amortization expense, (v) Restructuring Costs, (vi) transaction costs incurred in connection with the consummation of the transactions contemplated in the Lear Acquisition Agreement, (vii) gains or losses on the sale or disposal of assets not in the ordinary course of business, (viii) the cumulative effect of any changes in accounting principles or policies, (ix) investment income and losses, (x) fees or other amounts paid to Affiliates of the Company, other than reimbursement of out-of-pocket expenses incurred in good faith in furtherance of the Business, (xi) any WLR advisory or management fees, (xii) non-recurring or extraordinary gains, losses or expenses and (xiii) any costs related to establishing the Business as a stand alone entity, including costs incurred under the Transition Services Agreement, (b) adding thereto, without limitation, the actual benefits of any of the following occurring (in whole or in part) prior to December 31, 2007, in each case measured relative to the circumstances as of the date of the Lear Acquisition Agreement and annualized for the entire 2007 calendar year, (x) implementation of the Restructuring Plan, (y) increased pricing and other changes to customer contracts agreed to or implemented on or after the date of the Lear Acquisition Agreement, and (z) changes in wage rates, benefits and other aspects of labor or benefit

agreements agreed to or implemented on or after the date of the Lear Acquisition Agreement (or agreed to prior to, but implemented on or after the date of the Lear Acquisition Agreement), (c) deducting therefrom any costs incurred under the Transition Services Agreement (other than non-recurring, one-time costs) and, without duplication, any actual additional recurring administrative and overhead expenses consistent with the services initially provided under the Transition Services Agreement or otherwise required to operate the Business as a stand alone entity, in each case annualized for the entire 2007 calendar year, and (d) including such other equitable adjustments (additions or exclusions) as reasonably appropriate to account for and exclude from 2007 EBITDA the effects of non-recurring, extraordinary events or transactions outside the ordinary course of business. The annualized benefits described in (b) above, the annualized costs described in (c) above and the equitable adjustments described in (d) above shall be determined in good faith and the Company and/or Stockholders agree, upon request, to meet to discuss the appropriate treatment of extraordinary events or transactions outside of the ordinary course of business for purposes of determining 2007 EBITDA.

“Accepting Optionholders” has the meaning set forth in Section 4.5.

“Accounting Firm” means Deloitte & Touche LLP, or such other firm as may be agreed in writing by the Company and the Stockholders.

“Adjusted Capital Account” means, with respect to any Stockholder, such Stockholder’s Capital Account increased by the sum of (i) such Stockholder’s share of “partnership minimum gain” within the meaning of section 1.704-2(d) of the Regulations and (ii) such Stockholder’s share of “partner nonrecourse debt minimum gain” within the meaning of section 1.704-2(i) of the Regulations.

“Affected Stockholder” has the meaning set forth in Section 4.6.

“Affiliate” of a Person means any Person or entity which directly or indirectly controls, is controlled by, or is under common control with (within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act) such Person or entity.

“Arbiter” means a reputable investment banking or accounting firm nationally recognized in the United States with no material relationship to the Company or any of WLR, Franklin or Lear NAOC.

“Asset Sale” means the sale or other disposition of all or a substantial portion of the assets of the Company, as determined by the Board in good faith.

“Bankruptcy Decision” means, with respect to any Person, any of the following actions: (a) filing any voluntary petition in bankruptcy on behalf of such Person, (b) consenting to the filing of any involuntary petition in bankruptcy against such Person, (c) filing any petition seeking, or consenting to, reorganization or relief under any applicable federal, state or foreign law relating to bankruptcy or insolvency, on behalf of such Person, (d) consenting to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of such Person or a substantial part of the property of such Person, or (e) making any assignment for the benefit of creditors on behalf of such Person.

“Board” means the Company’s Board of Directors.

“Book Value” means with respect to any Company asset, the asset’s adjusted tax basis, except as follows:

(a) the initial Book Value of any asset contributed by a Stockholder to the Company shall be the gross Fair Market Value of that asset;

(b) the Book Value of all Company assets shall be adjusted to equal their respective gross Fair Market Values as of the date upon which any of the following occurs: (i) the acquisition of an additional interest in the Company after the Effective Date by any new or existing Stockholder, in exchange for more than a de minimis Capital Contribution or the distribution by the Company to a Stockholder of more than a de minimis amount of Company property as consideration for an interest in the Company, if the Board reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Stockholders of the Company; (ii) the liquidation of the Company within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g); and (iii) the grant of an interest in the Company as consideration for the provision of services to or for the benefit to the Company;

(c) the Book Value of any Company asset distributed to any Stockholder shall be the gross Fair Market Value of that asset on the date of distribution; and

(d) if an election under Code Section 754 has been made, the Book Value of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of the assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that those adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) and Section 5.4(h) hereof; provided, however, that Book Value shall not be adjusted pursuant to this subsection (d) to the extent that the Board reasonably determines that an adjustment pursuant to subsection (b) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

If the Book Value of an asset has been determined or adjusted hereby, that Book Value shall thereafter be determined by taking into account all adjustments for depreciation, if any, taken with respect to that asset for purposes of computing Profits and Losses.

“Business” means the business and operations comprising the Lear North American ISD Business as of the date of the Lear Acquisition Agreement (consisting of instrument panels, headliners, cockpits, flooring, acoustics, door panels, blow molding and other miscellaneous automotive plastic parts), excluding the existing joint ventures of Lear NAOC or its Affiliates, being the Amtex, Reyes and CLA joint ventures.

“Business Day” means a day that is not a Saturday, Sunday or day on which commercial banking institutions located in New York City are authorized or required to close.

“Bylaws” means the Company’s bylaws, attached as Annex B.

“Call Notice” has the meaning set forth in Section 4.5.

“Call Option” has the meaning set forth in Section 4.5.

“Call Option Closing” has the meaning set forth in Section 4.5.

“Call Price” means the fair market value of the Capital Stock subject to the Call Option determined based on the equity value of the Company and its Subsidiaries as a whole multiplied by the Percentage Interest represented by such Capital Stock after application of any reasonably relevant discounts, for minority ownership status or the like, but not for liquidity, all as agreed or determined in accordance with Section 4.5. The Call Price for an Option will equal the Call Price for the Capital Stock for which such Option is exercisable less the applicable exercise price.

“Capital Account” means the capital account maintained for each Stockholder pursuant to Section 5.7.

“Capital Contributions” means, with respect to any Stockholder, the amount of money and the initial Book Value of any property (other than money), net of the amount of any debt to which such property is subject, contributed to the Company with respect to the Common Stock in the Company held by such Stockholder. The principal amount of a promissory note which is not readily tradable on an established securities market and which is contributed to the Company by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) such Stockholder makes principal payments on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

“Capital Event” means (i) an Asset Sale, or (ii) the liquidation of the Company, including, without limitation, a liquidation pursuant to an initial Public Offering.

“Capital Stock” includes all equity interests of the Company or any Subsidiary, including common stock, preferred stock, membership interests and all other equity interests of any kind.

“Change in Control” means, with respect to any Person, the occurrence of any of the following events: (i) any Person becomes the beneficial owner (as defined in Rules 13d 3 and 13d 5 of the Securities Exchange Act of 1934) of securities of such Person representing more than 40% of the total voting power of such Person’s outstanding securities determined on a fully diluted basis; (ii) any transaction (including, without limitation, any merger or consolidation) involving such Person after the consummation of which the holders of such Person’s equity securities immediately prior to such consummation will not own a majority of the outstanding equity interest and voting power of the surviving corporation immediately after such consummation; or (iii) the sale of a majority of such

Person's assets. For the avoidance of doubt, a Change in Control with respect to Lear Corporation shall be considered a Change in Control with respect to Lear NAOC.

"Charter" means the Company's charter, attached hereto as Annex A.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any corresponding provisions of any succeeding law.

"Common Stock" means Capital Stock issued pursuant to the Company's Constituent Documents that is designated therein as "common stock."

"Confidential Information" means all intellectual property, documents, financial statements, records, business plans, reports and other information (whether written or oral) of whatever kind or nature, which has value to the Company or the Subsidiaries, or which is treated by the Company or a Subsidiary as confidential and regardless of whether such information is marked "confidential", except such information that (i) is or becomes generally available to the public through no action of the party (including its limited partners, representatives, agents and affiliates) to which such information was furnished, (ii) becomes available to the receiving party from a Person who is not, to the receiving party's knowledge, subject to any legally binding obligation to keep such information confidential, (iii) is in the possession of the receiving party prior to receipt from the Company or (iv) is developed independently by the receiving party.

"Constituent Documents" of an entity means the entity's certificate of incorporation or formation, operating agreement, charter, bylaws and other documents pursuant to which the entity was legally formed and, as applied to the Company, this Agreement, the Charter and Bylaws.

"Demand Registration" means a Demand Registration pursuant to Section 1.1 of the Registration Rights Agreement.

"Distribution" means a transfer of cash or property to a Stockholder on account of Capital Stock. All amounts required to be withheld pursuant to Code section 1446 or any other provision of federal, state or local tax law are treated as Distributions to the Stockholders subject to such requirement.

"Escrow Agreement" means that certain escrow agreement by and among Lear NAOC, the Company, WL Ross, Franklin and the escrow agent named therein, the form of which is attached hereto as Annex C.

"Escrowed Funds" means the total amount of Sixty Million Dollars (\$60,000,000) either to be deposited and held in escrow in accordance with the terms of the Escrow Agreement or to be covered by one or more Letters of Credit, (i) Thirty Million Dollars (\$30,000,000) of which shall be the responsibility of WL Ross, (ii) Fifteen Million Dollars (\$15,000,000) of which shall be the responsibility of Franklin, and (iii) Fifteen Million Dollars (\$15,000,000) of which shall be the responsibility of Lear NAOC.

"Fair Market Value" means the fair market value as determined in good faith by the Board pursuant to the Required Board Approval.

"Foreign Subsidiary Board" has the meaning set forth in Section 3.3.

"Foreign Subsidiary Observer" has the meaning set forth in Section 3.3.

"Franklin" means the Stockholders identified under the name "Franklin" on Schedule 1, together with any of their Affiliates holding Capital Stock or Options.

"Lear Acquisition Agreement" means that certain Asset Purchase Agreement dated as of November 30, 2006, among Lear Corporation, the Company, International Automotive Components Group North America, Inc., WLR and Franklin, as amended.

"Lear Demand Request" has the meaning set forth in Section 6.1.

"Lear ISD Closing" means the Closing as defined in the Lear Acquisition Agreement.

"Lear NAOC" means Lear North Atlantic Operations Corporation and the Stockholders identified under the name "Lear NAOC" on Schedule 1, together with any of their Affiliates holding Capital Stock or Options.

“Lear North America ISD Business” shall mean the Business (as defined in the Lear Acquisition Agreement).

“Lear Warrant” means the warrant to acquire Common Stock issued to Lear NAOC by the Company pursuant to Section 2.2 in the form of Annex D hereto.

“Majority in Interest” means the affirmative vote of Stockholders that hold more than 50% of the Common Stock outstanding as of the record date for such vote.

“Marketable Securities” means securities (i) which are of a class: (a) of securities issued or fully guaranteed by the United States of America or any agency thereof and entitled to the full faith and credit of the United States of America, for which price quotations are routinely quoted and for which there is a ready liquid market; or (b) both (I) registered pursuant to either section 12(b) or section 12(g) of the Securities Exchange Act of 1934, as amended, and (II) either listed on a national securities exchange or on the Nasdaq Stock Market; and (ii) which may be resold immediately in the public markets without requirement of further registration under the Securities Act or which include contractual rights that could result in the registration of such securities under the Securities Act within six months of the date of acquisition of such securities.

“Minimum Gain” shall have the meaning set forth in Regulation Section 1.704-2(d).

“Observer” has the meaning set forth in Section 3.3(h).

“Options” means a security convertible into, exercisable for or exchangeable for Capital Stock or any other right or option to acquire Capital Stock, including, without limitation, the Lear Warrant.

“Optionholders” has the meaning set forth in Section 4.5.

“Percentage Interest” means, with respect to a given Stockholder or shares of Capital Stock, the percent derived by dividing the number of shares of Capital Stock held by such Stockholder by the number of shares of Capital Stock then issued and outstanding.

“Permitted Transferee” of a specified Person shall mean (i) any Affiliate of such Person (and/or, in the case of Franklin, any advisory client of Franklin Mutual Advisers, LLC) or, in the case of WLR, any limited partner or comparable passive investor in a fund or other investment vehicle included in the definition of “WLR” that receives Capital Stock or Options pursuant to a normal course distribution (including a winding up) pursuant to the constituent documents of such fund or other investment vehicle; provided that, in any such case, such transferee is not engaged directly or indirectly in a business that competes with the Business or (ii) any direct or indirect acquiror of a Person in connection with a Change of Control.

“Person” means an individual, corporation, partnership, limited liability company, association, trust or any unincorporated organization.

“Pledge Notice” has the meaning set forth in Section 4.1.

“Profits” and “Losses” for any period means the taxable income or loss of the Company for such period, as determined for federal income tax purposes, adjusted as follows:

- (a) Items that are required by Section 703(a)(i) of the Code to be separately stated shall be included;
- (b) Tax-exempt income as described in section 705(a)(1)(B) of the Code realized by the Company during such fiscal year are taken into account as if it was not tax exempt;
- (c) Expenditures of the Company described in section 705(a)(2)(B) of the Code for such year, including items treated under section 1.704-1(b)(2)(iv)(i) of the Regulations as items described in section 705(a)(2)(B) of the Code, are taken into account as if they were deductible items;
- (d) With respect to property (other than money) which has been contributed to the capital of the Company, Profit and Loss are computed in accordance with the provisions of section 1.704-1(b)(2)(iv)(g) of the Regulations by computing depreciation, amortization, gain or loss based upon the Fair Market Value of such property on the books of the Company;
- (e) With respect to any property of the Company which has been revalued as required or permitted by the Regulations under section 704(b) of the Code, Profit or Loss are determined based upon the Fair Market Value of such property as determined in such revaluation;

(f) The difference between the Book Value and the Fair Market Value of any asset of the Company are treated as gain or loss from the disposition of such asset in the event that any revaluation of assets occur pursuant to section 1.704-1(b)(2)(iv)(e) or (f), including whenever, any new or existing Stockholder acquires an additional interest in the Company in exchange for a non-de minimis contribution to the capital of the Company; or such asset of the Company is distributed to a Stockholder or a distribution is made to a Stockholder as consideration for a reduction of such Stockholder's interest in the Company or in liquidation of such interest as defined in section 1.704-1(b)(2)(ii)(g) of the Regulations; and

(g) Interest paid on loans made to the Company by a Stockholder and fees and other compensation paid to any Stockholder are deducted in computing Profit and Loss.

"Proportionate Interests" has the meaning set forth in Section 4.5.

"Public Offering" means any firm commitment, underwritten public offering of the Common Stock of the Company registered under the Securities Act, other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or any successor thereto) or to an employee benefit plan of the Company.

"Redemption Event" means (i) a Bankruptcy Decision with respect to any Stockholder or (ii) (with respect to Lear NAOC only) a Change in Control with respect to Lear Corporation or the delivery of a Pledge Notice.

"Redemption Notice" has the meaning set forth in Section 4.6.

"Redemption Price" means the fair market value of the Capital Stock being redeemed pursuant to Section 4.6 determined based on the equity value of the Company and its Subsidiaries as a whole multiplied by the Percentage Interest represented by such Capital Stock after application of any reasonably relevant discounts, for minority ownership status, liquidity or the like, all as agreed or determined in accordance with Section 4.6, provided, however, that the Redemption Price shall not include a discount for liquidity if the applicable Redemption Event occurs after the date on which Lear NAOC may first exercise the Lear Demand Right. The Redemption Price for an Option will equal the Redemption Price for the Capital Stock for which it is exercisable less the applicable exercise price.

"Registration Rights Agreement" has the meaning set forth in the Lear Acquisition Agreement.

"Regulations" means regulations of the Department of the Treasury under the Code as such regulations may be changed from time to time.

"Reimbursable Expenses" means all reasonable documented third-party fees and expenses incurred by WLR, Franklin or Lear NAOC (including for legal and other professional fees) in connection with this Agreement, and the transactions contemplated hereby and thereby (excluding, for the avoidance of doubt, the Lear Acquisition Agreement).

"Reorganization" has the meaning set forth in Section 6.1.

"Required Board Approval" means either (i) if the Board comprises less than five directors, the unanimous approval of the Board, or (ii) if the Board comprises five directors, the approval of four of the five members of the Board.

"Restructuring" means the Company or any of its Subsidiaries or Affiliates (a) becomes a party to any merger or consolidation or (b) purchases or otherwise acquires all or a substantial part of the assets or equity of any Person.

"Restructuring Costs" means the costs incurred by the Company in connection with implementation of the Restructuring Plan.

"Restructuring Plan" means the Restructuring Plan, as agreed to by the parties prior to the date hereof, as it may be amended by the Company from time to time, provided that if the Company materially modifies the Restructuring Plan after the date hereof, the parties shall in good faith make such equitable adjustments as are reasonably appropriate in the calculation of 2007 EBITDA.

"Sale Transaction" the meaning set forth in Section 3.4.

"Securities Act" means the Securities Act of 1933, as amended.

“Stockholder Minimum Gain” means an amount, with respect to each Stockholder Nonrecourse Debt, equal to the Minimum Gain that would result if such Stockholder Nonrecourse Debt were treated as a nonrecourse liability, determined in accordance with Regulation Section 1.704-2(i).

“Stockholder Nonrecourse Debt” shall have the meaning of “partner nonrecourse debt” set forth in Regulation Section 1.704-2(b)(4).

“Stockholder Nonrecourse Deductions” has the same meaning as “partner nonrecourse deduction” in Treasury Regulation Section 1.704-2(i)(1).

“Subsidiary” means any entity directly or indirectly controlled (within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act) by the Company, whether or not in existence as of the date hereof.

“Target Balance” means, for any Stockholder as of any date, the amount that would be distributable to such Stockholder on such date if (i) all the assets of the Company were sold for cash equal to their respective Book Values as of such date, (ii) all liabilities of the Company were paid in full (except that in the case of a nonrecourse liability, such payment would be limited to the Book Value of the asset or assets securing such liability), and (iii) all remaining cash were distributed to the Stockholders pursuant to Section 5.5(d).

“WLR” means the Stockholders identified under the name “WLR” on Schedule 1, together with any of their Affiliates holding Capital Stock or Options.

[Signature page to follow]

Executed as of the Effective Date.

WLR Recovery Fund III, LP

By: /s/ Stephen Toy
Name: Stephen Toy
Title: Managing Director

Mutual Beacon Fund of Franklin Mutual Series Fund, Inc.

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Mutual Discovery Fund of Franklin Mutual Series Fund, Inc.

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Mutual Qualified Fund of Franklin Mutual Series Fund, Inc.

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Mutual Shares Fund of Franklin Mutual Series Fund, Inc.

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Mutual Beacon Fund

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Mutual Discovery Fund

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Mutual Discovery Securities Fund of Franklin Templeton Variable Insurance
Products Trust

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Mutual Shares Securities Fund of Franklin Templeton Variable Insurance
Products Trust

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Franklin Mutual Beacon Fund of Franklin Templeton Investment Funds

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Franklin Mutual Recovery Fund

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Mutual Recovery Fund Limited

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Franklin Mutual Shares Fund of Franklin Templeton Funds

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Franklin Mutual Global Discovery Fund of Franklin Templeton Investment Funds

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

EQ/Mutual Shares Portfolio of EQ/ Advisors Trust

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

Lear North Atlantic Operations Corporation

By: /s/ Daniel A. Ninivaggi
Name: Daniel A. Ninivaggi
Title: Vice President & Secretary

**STOCKHOLDERS
AND SECURITIES OWNED**

<i>Common Stock</i>	<i>Shares</i>	<i>Percentage</i>
WLR		
WLR Recovery Fund III, LP 600 Lexington Avenue, 19 th Floor New York, NY 10022 Attention: Stephen J. Toy	54,133,334	50.0%
Franklin:		
101 John F. Kennedy Parkway Short Hills, NJ 07078 Attention: Bradley Takahashi		
Mutual Beacon Fund of Franklin Mutual Series Fund, Inc.	3,163,200	2.92
Mutual Discovery Fund of Franklin Mutual Series Fund, Inc.	5,638,800	5.21
Mutual Qualified Fund of Franklin Mutual Series Fund, Inc.	2,533,800	2.34
Mutual Shares Fund of Franklin Mutual Series Fund, Inc.	9,502,067	8.78
Mutual Beacon Fund	364,300	0.34
Mutual Discovery Fund	235,100	0.22
Mutual Discovery Securities Fund of Franklin Templeton Variable Insurance Products Trust	661,800	0.61
Mutual Shares Securities Fund of Franklin Templeton Variable Insurance Products Trust	2,365,400	2.18
Franklin Mutual Beacon Fund of Franklin Templeton Investment Funds	2,268,100	2.09
Franklin Mutual Recovery Fund	146,400	0.14
Mutual Recovery Fund Limited	18,100	0.02
Franklin Mutual Shares Fund of Franklin Templeton Funds	50,800	0.05
Franklin Mutual Global Discovery Fund of Franklin Templeton Investment Funds	75,200	0.07
EQ/Mutual Shares Portfolio of EQ/ Advisors Trust	43,600	0.04
Lear NAOC		
21557 Telegraph Road Southfield, Michigan 48033 Attention: Daniel A. Ninivaggi	27,066,667	25.0
Total	108,266,668	100%

Amendment to the Asset Purchase Agreement

AMENDMENT NO. 1 (this "Amendment") **TO THE ASSET PURCHASE AGREEMENT**, dated as of March 31, 2007, is made by and among LEAR CORPORATION, a Delaware corporation ("Lear"), INTERNATIONAL AUTOMOTIVE COMPONENTS GROUP NORTH AMERICA, INC., a Delaware corporation (the "Company"), WL ROSS & CO. LLC, a Delaware limited liability company ("WL Ross"), FRANKLIN MUTUAL ADVISERS, LLC ("Franklin"), and INTERNATIONAL AUTOMOTIVE COMPONENTS GROUP NORTH AMERICA, LLC, a Delaware limited liability company ("IACNA").

WHEREAS, each of the undersigned are parties to that certain Asset Purchase Agreement dated as of November 30, 2006 (the "Original Agreement"); and

WHEREAS, the parties wish to amend the Original Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. Capitalized terms used herein and not defined herein shall have the respective meanings given to such terms in the Original Agreement.

ARTICLE 2

**AMENDMENTS TO ORIGINAL AGREEMENT,
EXHIBITS AND DISCLOSURE SCHEDULES.**

2.1 Amendment of Section 1.1.

(a) The definitions of "Asian Joint Venture" and "Asian Joint Venture Agreement" in Section 1.1 of the Original Agreement, and all references to such terms in the Original Agreement, are hereby deleted in their entirety.

(b) The definition of "Affiliate Loans" in Section 1.1 of the Original Agreement is hereby amended and restated in its entirety as follows:

"Affiliate Loans" means (i) a loan from WL Ross (or one or more of its Affiliates) to the Company in the principal amount of \$33,333,333 on the terms and conditions set forth in the applicable Promissory Note and (ii) loans from Affiliates of Franklin to the Company in the aggregate principal amount of \$16,666,667, in such amounts and from such affiliates as set forth on Schedule 1.1.1A, on the terms and conditions set forth in the applicable Promissory Note."

(c) The definition of “Balance Sheet” in Section 1.1 of the Original Agreement is hereby amended and restated in its entirety as follows:

““Balance Sheet” means the unaudited consolidated balance sheet for the Business, including the Sale Companies but excluding the financial results of the Dayton Facility, as of the Balance Sheet Date.”

(d) The definition of “Holding Companies” in Section 1.1 of the Original Agreement is hereby amended and restated in its entirety as follows:

““Holding Companies” means the Canadian Holding Company, the Mexican Holding Company and IAC Finance, LLC.”

(e) The definition of “Holding Company Shares” in Section 1.1 of the Original Agreement is hereby amended and restated in its entirety as follows:

““Holding Company Shares” means all of the issued and outstanding shares or other equity ownership interests of the Mexican Holding Company, the Canadian Holding Company and IAC Finance, LLC.”

(f) The definition of “Financial Statements” in Section 1.1 of the Original Agreement is hereby amended and restated in its entirety as follows:

““Financial Statements” means (i) the Balance Sheet and (ii) the related unaudited consolidated statements of income for the Business for the nine months ended on the Balance Sheet Date, attached hereto as Schedule 1.1.5, excluding in each case, the financial results of the Dayton Facility.”

(g) The definition of “Knowledge of Lear” in Section 1.1 of the Original Agreement is hereby amended and restated in its entirety as follows:

““Knowledge of Lear”, or words of similar import, means the actual knowledge of Roger Jackson, Douglas DelGrosso, Daniel Ninivaggi, James Kamsickas, Jeff Vanneste, Earl LaFontaine (with respect to intellectual property matters) or Bill Brockhaus (as to the Current Mexican Subsidiaries), collectively.”

(h) The definition of “Purchased Assets” in Section 1.1 of the Original Agreement is hereby amended by amending and restating in its entirety subsection (iv) thereof as follows:

“(iv) the accounts receivable and prepaid expenses arising out of or relating primarily to the Business to the extent reflected in the calculation of the Closing Net Working Capital (including all inter-company trade accounts receivable between an Asset Seller or a Sale Company and Lear or any of Lear’s Subsidiaries) or to the extent related to the operation of the Business at the Dayton Facility and the assets described in clause (i) of the definition of Tooling and Engineering Net Assets;”

(i) The definition of “Tooling and Engineering Net Assets” in Section 1.1 of the Original Agreement is hereby amended and restated in its entirety as follows:

“Tooling and Engineering Net Assets” means (i) engineering and tooling costs that are lump sum payable by the customer and capitalized engineering and tooling costs and gains that will be amortized following the date of determination, less (ii) divisional accounts payable related to the Business recorded at the Dearborn, Michigan Division Office, in each case excluding the impact of any accounting on the books and records of the Business or Lear for the transactions contemplated by this Agreement.

(j) Section 1.1 of the Original Agreement is hereby amended by inserting the following new defined term therein in the appropriate alphabetical order:

““Dayton Facility” means the facility owned and operated by Lear Corporation EEDS and Interiors and located in Dayton, Tennessee.”

2.2 Amendment of Section 2.2. Section 2.2(a)(i) of the Original Agreement is hereby amended and restated in its entirety as follows:

“(i) all Current Liabilities of the Asset Sellers, to the extent included in the calculation of the Closing Net Working Capital, all Current Liabilities of the Asset Sellers to the extent related to the operation of the Business at the Dayton Facility, and all liabilities under the intercompany loan payable related to the Business at the Madisonville, Kentucky facility;”

2.3 Amendment of Section 2.4.

(a) The first sentence of Section 2.4(a) of the Original Agreement is hereby amended and restated in its entirety as follows:

“In consideration of the Transfer of the Purchased Assets and the Holding Company Shares to the Company at Closing, the Company shall (i) pay Lear \$300,000 (the “Cash Consideration”) by delivering to Lear a demand promissory note dated as of the Closing Date in a form acceptable to Lear, which note shall be due and payable, without further authorization or action of the parties to this Agreement, at 10:00 a.m. (Eastern Time) on April 2, 2007, and (ii) assume the Assumed Liabilities (together with the Cash Consideration, the “Purchase Price”).”

(b) Section 2.4 of the Original Agreement is hereby amended by adding at the end thereof a new subsection (c) as follows:

“(c) Lear will deliver to the Company an amended allocation and supporting valuation report (the “Final Valuation Report”) no later than 60 days after the Closing Date, and the Company will provide any comments, questions or objections with respect thereto no later than 20 days after the delivery of the Final Valuation Report, provided that the deadline for delivery of the Final Valuation Report may be extended in 15-day increments with the Company’s prior written consent, not to be unreasonably withheld or delayed. The parties will thereafter cooperate diligently and in good faith to promptly resolve any disputes and agree upon an amended Schedule 2.4, which amended Schedule 2.4 shall be prepared in a manner consistent with Schedule 2.4 agreed to at Closing. The parties, in connection with their respective U.S. federal, state, local and foreign tax returns and other filings, agree not to take any position inconsistent with such purchase price allocation for Tax reporting purposes. Any

adjustment to the purchase price shall be allocated as provided by Treasury Regulation Section 1.1060-1(c).“

2.4 Amendment of Section 2.5.

(a) The parties acknowledge and agree that set forth on Annex A attached hereto is a list of (i) the accounts receivable that the Asset Sellers are excluding from the Purchased Assets or the Sale Companies are distributing to another Lear Company prior to the Closing in accordance with Section 2.5 of the Original Agreement and (ii) the accounts payable that the Asset Sellers are excluding from the Assumed Liabilities or the Sale Companies are distributing to another Lear Company prior to the Closing in accordance with Section 2.5 of the Original Agreement.

(b) Section 2.5 of the Original Agreement is hereby amended by adding at the end thereof a new subsection (l) as follows:

“(l) Notwithstanding anything to the contrary in this Agreement or the LLC Agreement, (i) the Current Assets and the Current Liabilities of the Dayton Facility shall be included in the calculation of the Closing Net Working Capital and the Closing Tooling Net Assets only to the extent such Current Assets and Current Liabilities have been recorded at the Dearborn, Michigan Division Office and (ii) the calculation of 2007 EBITDA (as defined in the Limited Liability Company Agreement of IACNA dated as of the date hereof) shall not take into account the financial results of the Dayton Facility.”

2.5 Amendment of Section 3.3. Notwithstanding anything to the contrary in Section 3.1 of the Original Agreement, the parties acknowledge and agree that the Closing Date shall be March 31, 2007 and the Closing shall be effective as of 11:59 p.m. (Eastern Time) on March 31, 2007.

2.6 Amendment of Article VII. Article VII of the Original Agreement is hereby amended and restated in its entirety as set forth on Annex B attached hereto.

2.7 Amendment of Exhibits. Exhibit H of the Original Agreement is hereby amended and restated in its entirety as set forth on Annex C attached hereto.

2.8 Amendment of Schedules.

(a) Schedule 1.1.1 of the Original Agreement, and all reference to such Schedule in the Original Agreement, are hereby deleted in their entirety.

(b) The parties hereby agree that attached hereto as Annex D is Schedule 1.1.1A

(c) Schedule 1.1.2 of the Original Agreement is hereby amended and restated as set forth on Annex E attached hereto.

(d) Schedule 1.1.4 of the Original Agreement is hereby amended and restated in its entirety as set forth on Annex F attached hereto.

(e) The parties hereby agree that attached hereto as Annex G is Schedule 2.4, which Schedule 2.4 shall be subject to adjustment following the Closing in accordance with Sections 2.4(c) and 2.5(k).

(f) Schedule 3.1(d) of the Original Agreement is hereby amended and restated as set forth on Annex H attached hereto.

2.9 Amendment of Section 3.1(j). Section 3.1(j) of the Agreement is hereby amended by clarifying that Lear is curing the shortfall in the Estimated Closing Tooling Net Assets by increasing by \$4.9 million the trade accounts receivable included in the Purchased Assets payable from Lear to the Company.

ARTICLE 3

MISCELLANEOUS.

3.1 From and after the date hereof, each reference in the Original Agreement to “this Agreement,” “hereunder,” “hereof,” “herein,” or words of like import, shall mean and be a reference to the Original Agreement as amended hereby.

3.2 Except as specifically set forth above, the Original Agreement shall remain unaltered and in full force and effect and the respective terms, conditions or covenants thereof are hereby in all respects ratified and confirmed.

3.3 This Amendment may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

3.4 This Amendment will be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under principles of conflict of laws thereof.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to Original Agreement to be duly executed and delivered as of the date first above written.

LEAR CORPORATION

By: /s/ Daniel A. Ninivaggi
Name: Daniel A. Ninivaggi
Title: Executive Vice President, Secretary and General Counsel

INTERNATIONAL AUTOMOTIVE COMPONENTS GROUP
NORTH AMERICA, INC.

By: /s/ Stephen Toy
Name: Stephen Toy
Title: Director and Vice President

WL ROSS & CO. LLC

By: /s/ Stephen Toy
Name: Stephen Toy
Title: Managing Director

FRANKLIN MUTUAL ADVISERS, LLC

By: /s/ Bradley Takahashi
Name: Bradley Takahashi
Title: Vice President

INTERNATIONAL AUTOMOTIVE COMPONENTS GROUP
NORTH AMERICA, LLC

By: /s/ Stephen Toy
Name: Stephen Toy
Title: Director and Vice President

ARTICLE 7**EMPLOYMENT MATTERS; EMPLOYEE BENEFITS****7.1 Employee Benefit Plans.**

(a) Schedule 7.1(a) hereto lists all material Benefit Plans in effect as of November 30, 2006 including, without limitation, all pension, profit-sharing, savings and thrift, bonus, incentive or deferred compensation, severance pay and medical and life insurance plans in which any current or former Employees participate (collectively, "Employee Benefit Plans").

(b) Lear has provided or made available to the Company: (i) a complete copy of each written Employee Benefit Plan and a description of any unwritten Employee Benefit Plan, each as in effect on the date hereof; (ii) a copy of each trust agreement or other funding vehicle with respect to each such plan; (iii) a copy of the most recently received determination letter, if any, and any and all currently effective rulings or notices issued by a governmental or regulatory authority, with respect to each such plan; (iv) a copy of the Form 5500 Annual Report (or similar governmental report applicable outside of the United States), if any, for each of the two most recent plan years for each such plan; and (v) the most recent summary plan description, if any, with respect to each such plan (excluding for purposes of this subsection (b) any documents not available to Lear relating to any "multiemployer plan", as defined in Section 4001(a)(3) of ERISA and any Canadian multiemployer plan to which a Lear Company is contributing on behalf of non-U.S. Employees).

(c) Each U.S. Employee Benefit Plan (other than a multiemployer plan) has been operated and administered in material compliance with its terms and all applicable requirements of ERISA and the Code and with any applicable reporting and disclosure requirements, including but not limited to the requirement of Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code.

(d) Each Employee Benefit Plan (other than a multiemployer plan) which is intended to meet the requirements of a "qualified plan" under Section 401(a) of the Code is so qualified and has either received a favorable determination letter from the Internal Revenue Service that such plan is so qualified or has requested such a favorable determination letter within the remedial amendment period of Section 401(b) of the Code and neither Lear nor any Lear Company is aware of any facts or circumstances that would jeopardize the qualification of such plan or the tax exempt status of any related trust maintained by any Lear Company or an ERISA Affiliate intended to be exempt from U.S. federal income taxation under Section 501 of the Code, or the qualified or registered status of any Benefit Plan or trust maintained outside the United States.

(e) Except as set forth on Schedule 7.1(e), no U.S. Employee Benefit Plan (other than a multiemployer plan) which is a defined benefit plan or is subject to Title IV of ERISA or any trust established thereunder has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, as of the last day of the most recent fiscal year of each Title IV Plan ended prior to the Closing Date.

(f) Except as otherwise set forth on Schedule 7.1(f), none of the Employee Benefit Plans provides or obligates any Lear Company or its Subsidiaries to provide any Employee (or any dependent thereof) any life insurance or medical or health or any other welfare benefits after their termination of employment with a Lear Company or any of its Subsidiaries, other than as required under Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code or any similar state law, and except as otherwise set forth on Schedule 7.1(f), neither the Company nor any Subsidiary has at any time made a promise or guarantee, or any expression that could be construed as such a promise or guarantee, to any Employee that any such retiree benefit is or will be provided for the life of the retiree, spouse or dependent or on a permanent, “lifetime” or vested basis.

(g) Except as set forth on Schedule 7.1(g), neither Lear nor any of its Subsidiaries is required with respect to the Business to contribute to, or during the five-year period ending on the Closing Date will have been required to contribute to, any “multiemployer plan”, as such term is defined in Section 4001(a)(3) of ERISA, and neither Lear nor any of its Subsidiaries is subject to any withdrawal or partial withdrawal liability within the contemplation of Section 4201 of ERISA with respect to the Business and will not become subject thereto as a result of the transactions contemplated by this Agreement. To the Knowledge of Lear, no U.S. multiemployer plan is insolvent or is in reorganization status under ERISA Section 4241. Except as set forth on Schedule 7.1(g), neither Lear nor any of its Subsidiaries is required with respect to Employees to contribute to any Canadian multi-employer plan, and, to the Knowledge of Lear, the only obligation to or in respect of any Canadian Benefit Plan that is a multi-employer plan is to make the required contributions to such plan in the amounts and in the manner set forth in the applicable collective bargaining agreements.

(h) Except as otherwise set forth on Schedule 7.1(h) hereto, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any material payment (including, without limitation, severance, unemployment compensation, golden parachute or otherwise) becoming due from Lear or any of its Subsidiaries under any Employee Benefit Plan, (ii) materially increase any benefits otherwise payable under any Employee Benefit Plan or (iii) result in the acceleration of the time of payment or vesting of any such benefits to any material extent, except as provided in Section 7.4.

(i) Except as otherwise set forth on Schedule 7.1(i) hereto or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each Employee Benefit Plan which is not a U.S. Employee Benefit Plan and is not a multiemployer plan (a “Foreign Company Plan”) has been maintained in all material respects in accordance with its terms and with all material legal requirements applicable thereto and is funded and/or book reserved for in accordance with applicable laws. With respect to any non-U.S. multiemployer plan, Lear or its Affiliate has made all required contributions when due.

(j) Subject to any applicable collective bargaining agreement and any non-U.S. law to the contrary and except for any Canadian pension Employee Benefit Plan or multiemployer plan, or as may be disclosed on Schedule 7.1(j), Lear and, where applicable, each Lear Company has the right to amend or terminate its participation with respect to, and sponsorship of, each Employee Benefit Plan.

7.2 Employment Offers. Prior to the Closing Date, the Company will offer employment to all current Employees of the Asset Sellers (including such Employees on short-term disability, conditioned upon their acceptance of the Company’s employment offer by the

earlier of the expiration of the period of short-term disability or the date on which they are no longer disabled, and excluding Employees on long-term disability), such employment to be effective as of 12:01 a.m. on the Closing Date. With respect to bargaining unit Employees of the Asset Sellers, the terms of their employment will be subject to the Company's ability to negotiate or implement new or modified wages, hours and other terms and conditions of employment with the appropriate authorized collective bargaining representative at each such acquired location. Until such time as new or modified wages, hours and terms and conditions are negotiated or implemented, such bargaining unit employees will continue to work under the existing wages, hours and other terms and conditions of employment set forth in the existing collective bargaining agreement at each such acquired location, but in no event will such employees participate in the Benefit Plans beyond the applicable "New Plan Effective Date," as defined in Section 7.6. With respect to the non-bargaining unit Employees, the offer of employment or the continued employment of Transferred Employees will be in the same or a comparable position with wages, compensation and benefits (excluding any benefits under a defined benefit plan or any retiree medical or life insurance program) that are not, in the aggregate, materially less favorable to the Employee than those in place immediately prior to the Closing Date, as determined by the Company, with such wages, compensation and benefits, except with respect to defined benefit pension plans and post-retirement benefits, being maintained for a minimum period of three months after the Closing Date. Those Employees accepting such offers of employment by the Company will be deemed "Hired Employees". Within 10 days after the Closing Date, the Company will give Lear a list of all Hired Employees.

7.3 Termination of Participation. Except as otherwise provided in this Article VII, as of the Closing Date, Lear shall cause the Sale Companies to cease participating in each Employee Benefit Plan and the active participation in each Employee Benefit Plan of Transferred Employees shall cease as of the Closing Date, and no additional benefits shall be accrued thereunder for such Transferred Employees.

7.4 Pension Plans. Lear and its Affiliates shall retain (a) except as specifically set forth in this Section 7.4 related to the transfer of plan assets, all assets and liabilities accrued through the Closing Date under the Employee Benefit Plans in which Employees in the United States ("U.S. Company Employees") participate ("U.S. Employee Benefit Plans") that are pension plans intending to be qualified under Code Section 401(a) ("U.S. Pension Plans"), and shall make all contributions required to be made under the terms of each U.S. Pension Plan for periods ending on or before the Closing Date, and (b) all liabilities under any supplemental or other non-qualified retirement or pension plan maintained for the benefit of U.S. Company Employees prior to the Closing Date. Each Hired Employee's accrued benefit and account balance under the U.S. Pension Plans shall be 100% vested as of the Closing Date. The accrued benefits of each Hired Employee who is a participant, as of the Closing Date, in the Pension Equalization Program and/or the Pension Make-Up Account under the Executive Supplemental Savings Plan shall be 100% vested with respect to such program and/or account as of the Closing Date, but only to the extent such Hired Employee would have attained full vesting if: (i) for full vesting based solely on the age of the participant, the participant is credited with an additional five (5) years of age as of the Closing Date; (ii) for full vesting based solely on the years of service of the participant, the participant is credited with an additional five (5) years of service as of the Closing Date; and/or (iii) for full vesting based on both the age and years of service of the participant, the participant is credited with an additional five (5) years of age and five (5) years of service as of the Closing Date.

For purposes of benefit accruals, Lear shall give each participant under the Lear Combined Pension Plan (the "Hourly Plan") who is employed by the Company credit for service

with the Company for the period beginning the day after the Closing Date and ending on the New Plan Effective Date or, if earlier, the participant's termination of employment with the Company (the "Participation Period"). Such crediting will be done by Lear under the Hourly Plan, and is not an adoption of the Hourly Plan by the Company. The Company shall be required to pay to Lear, on a monthly basis, the Company's allocable share (equivalent to the full aggregate amount credited to such accounts, as determined by the applicable formula set forth in the Hourly Plan) of employer contributions required to be made to the Hourly Plan during the Participation Period, with respect to the Hourly Plan participants who are employees of the Company. With respect to the Lear Corporation Hourly Retirement Savings Plan and the Lear Corporation Salaried Retirement Savings Plan (collectively, the "401(k) Plans"), the Company shall become a participating employer beginning the day after the Closing Date and ending on the "New Plan Effective Date." The Company shall be required to make all contributions due to the 401(k) Plans on behalf of its employees on a timely basis in accordance with Lear's past practices, the terms of the 401(k) Plans, and ERISA. Within a reasonable period of time after the New Plan Effective Date with respect to the 401(k) Plans, Lear and the Company shall take such actions as are necessary to transfer those portions of the 401(k) Plan assets that relate to the Hired Employees to the applicable New Plan(s). The Company shall also be responsible for its ratable share of any and all costs of administration with respect to the Hourly Plan and 401(k) Plans during such period, which share shall be reasonably determined by Lear, in consultation with the Company.

Lear and its Affiliates shall (i) except as specifically set forth in Section 7.7(e) related to the transfer of plan assets, retain all assets and liabilities accrued through the Closing Date with respect to Employees of the Canadian Holding Company and Canadian Subsidiaries under the Employee Benefit Plans that are defined benefit or defined contribution pension plans, excluding any Canadian multiemployer plan, (ii) make all contributions required to be made under the terms of each defined benefit or defined contribution plan (or, with respect to any Canadian multiemployer plan, under the terms of the applicable collective bargaining agreement) with respect to which Employees of the Canadian Holding Company or Canadian Subsidiaries participate for periods ending on or before the Closing Date, and (iii) retain all liabilities under any supplemental pension plan maintained for the benefit of Employees of the Canadian Holding Company and Canadian Subsidiaries.

7.5 Welfare Plans. Lear shall retain all assets relating to the Employee Benefit Plans in which Employees participate that are welfare benefit plans and shall be liable for and shall hold the Company and its Subsidiaries harmless from and against all claims for the benefits described below by participants of such plans which are incurred prior to the Closing Date. The Company shall be liable (and shall hold Lear and its Affiliates harmless) for all claims for benefits incurred during the period beginning the day after the Closing Date and ending on the "New Plan Effective Date" (as defined in Section 7.6), with respect to each welfare plan participant who is a Hired Employee (or who becomes employed by the Company after the Closing Date but on or before the "New Plan Effective Date"), and his or her covered dependents and beneficiaries (collectively, the "Covered Individuals"). The Company shall be responsible for its ratable share of any and all costs of administration and insurance with respect to the welfare plans during such period, which share shall be reasonably determined by Lear, in consultation with the Company. For purposes of this Agreement, the following claims shall be deemed to be incurred as follows: (i) life, accidental death and dismemberment and business travel accident insurance benefits, upon the death or accident giving rise to such benefits; (ii) health, dental, vision, and/or prescription drug benefits, upon provision of such services, materials or supplies; (iii) long-term disability benefits, as of the date of the event giving rise to the long-term disability benefit by Lear's insurance carrier; (iv) workers'

compensation claims, upon the event giving rise to the claim; and (v) short-term disability benefits, upon provision of each payment (with respect to the payroll period within which the Closing Date falls, the liability for the short-term disability benefit will be split ratably between Lear and the Company, as reasonably determined by Lear in consultation with the Company).

Lear shall be liable for and shall hold the Company and its Subsidiaries harmless from and against any retiree welfare benefits to be provided to retirees of any Lear Company and its Subsidiaries who have actually retired prior to the Closing Date, under any U.S. Employee Benefit Plan. In addition, Lear shall remain liable for payment of amounts credited as of the Closing Date to the HRA notional account for Mendon Employees covered by the collective bargaining agreement with the UAW, such payments being due if a union employee leaves employment with Company and its Subsidiaries or Lear and its Subsidiaries after attaining 10 years of service and 55 years of age. The Company will provide timely notification to Lear, no less frequently than quarterly, of the termination of employment of any Mendon Employee covered by the collective bargaining agreement with the UAW.

7.6 Assistance with Benefit Plan Transition. From the date of signing this Agreement until the respective dates as of which the Company's or its Affiliates' new pension and welfare benefit plans (the "New Plans") become effective, or, if no such plan is established by the Company, as of the date specified by the Company, but no later than December 31, 2007 (or such earlier date as specifically provided in this Section 7.6) (each such date constituting a "New Plan Effective Date"), Lear and its Affiliates agree to work with the Company to enable the Company or its Affiliates to establish New Plans that will cover eligible Hired Employees and Transferred Employees and their eligible dependents, so that on the respective New Plan Effective Dates, said individuals may obtain coverage under the applicable New Plan. Notwithstanding anything in the Agreement to the contrary, the New Plan Effective Date will in no event be later than November 30, 2007 with respect to New Plans that are pension plans. The Company agrees to use its best efforts to establish New Plans effective as soon as administratively practicable after the Closing Date. Lear agrees to use its reasonable best efforts to obtain from its welfare benefits providers comparable terms and conditions for the Company from the New Plan Effective Date with respect to the New Plans that are welfare plans, through the remainder of 2007, if applicable. The Company and Lear agree to work together to effect a transition with respect to the continuation of the flexible spending accounts for the Hired Employees. After the end of the 2007 plan year, Lear and the Company shall reconcile the amounts that each withheld from pay and paid out under a flexible spending account plan and determine if either party is entitled to reimbursement from the other.

7.7 Company's Obligations.

(a) Except as may be required by non-U.S. law with respect to non-U.S. bargaining unit Employees of the Sale Companies, the Company (i) expressly declines and refuses to assume or adopt any collective bargaining agreement or other agreement, letter, memorandum, past practice or understanding with any collective bargaining representative or labor organization at any acquired location, and (ii) retains all of its rights and obligations as a successor employer to the Lear Companies in connection with the Business, including to bargain in good faith with the authorized collective bargaining representative at each acquired location to seek to establish new or modified collective bargaining agreements, as well as other agreements, letters, memoranda, or understandings.

(b) Except as may be required by non-U.S. law with respect to non-U.S. bargaining unit Employees of the Sale Companies, from and after the Closing Date (or, to

the extent applicable with respect to any welfare or pension plan, the New Plan Effective Date) and notwithstanding any other provision of this Agreement, the management and direction of the Company's and its subsidiaries' workforce and business, and the terms and conditions thereof, including all wage and salary programs (including bonuses, and incentive compensation), medical and other benefit programs, other compensation and benefit programs and the establishment of procedures, policies and protocols for hiring, disciplining and firing employees and setting general employee standards, shall be determined by the Board of Directors of the Company (as delegated to the officers of the Company and its subsidiaries).

(c) To the extent the Company is required by any non-U.S. law to pay notice, severance or other separation benefits or damages to an Employee of a Sale Company who as of the Closing Date is on long-term disability (including employees who have exhausted short-term disability benefits, but have not been medically cleared to return to work), Lear shall reimburse the Company for the cost of any such notice, severance or separation benefits or damages; provided, however, that (i) the Company shall use commercially reasonable efforts to mitigate any such damages (it being agreed that the Company shall have no obligation to return such Employees to work); (ii) should the Company return any such Employee to work, Lear shall have no reimbursement obligation with respect to any such Employee following such Employee's return to work, and (iii) the Company shall tender the defense of any claim for damages by such an Employee to Lear and shall not settle any such claim without Lear's prior written consent. For the avoidance of doubt, this subsection (c) does not apply with respect to any Employee who as of the Closing Date is on short-term disability.

(d) Subject to the provisions of Section 7.2 of this Agreement and this Section 7.7, the Company agrees to give Hired Employees and Transferred Employees service credit for all periods of employment with Lear or its Affiliates prior to the Closing Date for all purposes (other than for pension benefit accruals, except as otherwise specifically provided in this Agreement) under any plan adopted or maintained by the Company or any of its Subsidiaries in which Employees participate. The Company agrees to waive any limitations regarding pre-existing conditions, and to give full credit for any co-payments made and deductibles fully or partially satisfied prior to the Closing Date with respect to any welfare or other employee benefit plans maintained by the Company or any of its Subsidiaries in which Employees participate after the Closing Date.

(e) Effective no later than the New Plan Effective Date, the Company shall have in effect a defined contribution plan that is intended to be qualified under Section 401(a) of the Code and that includes a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code with terms and conditions no less favorable than those in Lear's Savings Plan, in which U.S. Company Employees shall be eligible to participate; provided, however, that the terms and conditions of participation and benefits under such plan with respect to bargaining employees shall be established pursuant to Section 7.2. From the date of this Agreement until the Closing Date, Lear and its Affiliates agree to work with the Company to enable the Company and its Affiliates, and the Company agrees, to establish or to cause its Affiliates to establish, effective as of the Closing Date, one or more registered defined contribution pension plans (and, to the extent required by applicable non-U.S. law, associated funding vehicles) to provide benefits to salaried and hourly Canadian Transferred Employees who immediately prior to the Closing Date are actively participating in registered Canadian pension plans sponsored by Lear and its Affiliates and to register such plans and funding vehicles with each appropriate Governmental Entity (subject, where applicable with respect to bargaining Employees at the Maple location, to the terms and conditions set forth in the collective bargaining agreement with UNITE HERE Ontario Council Local 1813). The

contribution rates under such plans to be established shall be at the discretion of the Company, but in no event shall such contribution rates be so low as to cause Lear or its Affiliates to have a “wind-up” with respect to its registered pension plans. Within a reasonable period of time after the New Plan Effective Date with respect to the registered defined contribution plans for Canadian Transferred Employees, Lear and the Company shall take such actions as are necessary, subject to regulatory approval, to transfer those portions of the applicable Canadian pension plans’ assets that relate to the defined contribution account balances of the Canadian Transferred Employees to the applicable New Plans.

(f) The Company shall be liable for and shall hold Lear and its Affiliates harmless from and against any and all Assumed Employee Liabilities with respect to or arising out of: (i) Employees’ employee benefits, including, without limitation, Assumed Employee Liabilities, arising from or with respect to, the Company’s employee benefit plans; (ii) the employment of Hired Employees by the Company or the employment of Transferred Employees by the Sale Companies from and after the Closing Date; and (iii) any business associate agreement entered into by Lear or a Benefit Plan for the benefit of the Company or its Affiliates establishing New Plans, but only with respect to protected health information that the business associate creates, receives, uses, or discloses on or before the applicable New Plan Effective Date, and except to the extent that any such liability is caused by the negligence of Lear or its employees.

(g) The Lear Companies will take no action, or enter into any transaction, whatsoever contrary to, or otherwise inconsistent with, the provisions of this Section 7.7.

(h) If, as of the Closing Date, an Employee was not actively at work, or was at work on other than a full-time basis, in either case, due to an injury for which the employee was receiving benefits under the workers’ compensation law, or was working in accordance with a return to work program in any applicable collective bargaining agreement, the Company agrees that at the time an Employee is found by a third-party, which is independent of Lear or its Subsidiaries, to be able to return to work, it will offer employment to such Employee.

7.8 Plant Closing Laws. The Company shall be responsible for providing any notice required, pursuant to the United States Federal Worker Adjustment and Retraining Notification Act of 1988, any successor United States federal law, and any applicable plant closing notification law with respect to a mass layoff or plant closing relating to the Business that occurs after the Closing Date.

7.9 Accrued Vacation. Subject to the requirements of relevant state labor laws, the Company will permit Hired Employees, during the vacation accrual year containing the Closing Date, to take accrued, but unused as of the Closing Date, vacation days with pay in accordance with the applicable policies of Lear and its Subsidiaries as in effect as of the Closing Date. Lear shall reimburse the Company for the cost of any such vacation days to the extent they were earned prior to the date that is 12 months prior to the Closing Date.

7.10 Miscellaneous. Lear and the Company agree to furnish each other with such information concerning Employees and Benefit Plans, and to take all such other reasonable action, as is necessary and appropriate to effect the transactions contemplated by this Article VII, in each case to the extent permitted under applicable law. The Relevant Lear Companies hereby agree to use their commercially reasonable best efforts to assist the Company in making

offers and hiring any of the Employees, including providing the Company with access to such Employees and their work and personnel and related files, such access to files to be consistent with applicable law, during a reasonable period of time prior to the Closing Date. Neither Lear nor any of the Relevant Lear Companies shall take any action that would impede, hinder, interfere or otherwise compete with Company's effort to hire any Employees.

7.11 Equity Incentives. IACNA and the Company agree that each offer of employment to a management Employee shall (1) be conditioned on such Employee signing a waiver and termination of rights under Lear's equity incentive plans with respect to all unvested equity interests as of the Closing Date and (2) provide for an equity grant from IACNA or the Company to such Employee of substantially equivalent value to the unvested equity interests in Lear with respect to which such Employee is forfeiting his or her rights (treating the Closing Date as a pro rata vesting date with respect to restricted stock units).

FOR IMMEDIATE RELEASE

Lear Contacts:

Mel Stephens
(248) 447-1624

Ed Lowenfeld
(248) 447-4380

**Lear Completes North American Interior Business
Joint Venture with WL Ross and Franklin Mutual**

Southfield, Mich., April 2, 2007 — Lear Corporation [NYSE: LEA] today announced that it has completed the transfer of substantially all of the assets of its North American Interior business to International Automotive Components Group North America, Inc. (IAC North America).

A wholly owned subsidiary of Lear contributed \$27 million in cash for a 25% equity interest in the parent of IAC North America and warrants for an additional 7% of the current outstanding common equity. Under the terms of the agreement, Lear's partners, WL Ross & Co. LLC (WL Ross) and Franklin Mutual Advisers, LLC (Mutual Series) contributed an aggregate of \$81 million in cash for the remaining equity, and extended a \$50 million term loan to IAC North America.

"We are pleased to have completed the North American Interior business joint venture," said Bob Rossiter, Lear Chairman and Chief Executive Officer. "Our focus going forward is to concentrate on delivering superior quality and service to our customers and to invest in further strengthening our core automotive Seating, Electronics and Electrical Distribution businesses."

Lear transferred to IAC North America substantially all of its Interior business in the U.S, Canada and Mexico, consisting of 26 manufacturing facilities as well as interests in two joint ventures in China, related to the production of instrument panels and cockpit systems, headliners and overhead systems, door panels and interior trim for various original equipment manufacturers. Annual net sales for Lear's North American Interior business are about \$2.5 billion. This transaction does not include any of Lear's Seating, Electronics or Electrical Distribution businesses.

(more)

Lear Corporation is one of the world's largest suppliers of automotive interior systems and components. Lear provides complete seating systems, electronic products and electrical distribution systems. In 2006, Lear ranked #127 among the Fortune 500. Lear's world-class products are designed, engineered and manufactured by a diverse team of more than 90,000 employees at 242 facilities in 33 countries. Lear's headquarters are in Southfield, Michigan. Lear is traded on the New York Stock Exchange under the symbol [LEA]. Further information about Lear is available on the Internet at <http://www.lear.com>.

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Unaudited Pro Forma Condensed Consolidated Financial Statements

On October 16, 2006, Lear Corporation (“Lear”) completed the contribution of substantially all of its European interior business to International Automotive Components Group, LLC (“IAC Europe”), its joint venture with WL Ross & Co. LLC and Franklin Mutual Advisers, LLC, in exchange for a one-third equity interest in IAC Europe (the “IAC Europe Transaction”). On March 31, 2007, Lear completed the transfer of substantially all of the assets of its North American interior business (as well as its interests in two China joint ventures) to International Automotive Components Group North America, Inc. (“IAC”) (the “IAC North America Transaction”). In addition, a wholly owned subsidiary of Lear contributed approximately \$27 million in cash to International Automotive Components Group North America, LLC (“IACNA”) in exchange for a 25% equity interest in IACNA and warrants for an additional 7% of the current outstanding common equity of IACNA. In connection with the IAC North America Transaction, IAC assumed the ordinary course liabilities of Lear’s North American interior business, and Lear retained certain pre-closing liabilities, including pension and postretirement healthcare liabilities incurred through the closing date of the transaction.

For accounting purposes, Lear’s interests in IACNA and IAC Europe will be accounted for under the equity method of accounting. The pro forma adjustments related to Lear’s accounting for these equity investments do not reflect purchase accounting adjustments to be recorded by IACNA and IAC Europe and do not reflect the operations of other businesses acquired by IAC Europe. Consequently, the amounts reflected in Lear’s unaudited pro forma condensed consolidated financial statements are subject to change.

The following unaudited pro forma condensed consolidated balance sheet as of December 31, 2006, gives effect to the IAC North America Transaction as if it had occurred as of December 31, 2006. The following unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2006, gives effect to the IAC North America Transaction and the IAC Europe Transaction as if they had occurred as of January 1, 2006.

The pro forma adjustments are based upon available information and certain assumptions that Lear believes are reasonable under the circumstances. The actual amounts could differ from these estimates. The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or operating results that would have been achieved by Lear had the IAC North America Transaction and the IAC Europe Transaction been completed as of the dates indicated or of the results that may be obtained in the future. These unaudited pro forma condensed consolidated financial statements and the accompanying notes should be read together with the financial statements and notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Lear’s Annual Report on Form 10-K for the year ended December 31, 2006.

Unaudited Pro Forma Condensed Consolidated Balance Sheet
(in millions)

	As of December 31, 2006			
		IAC Transactions		
	As Reported	Divestitures(1)	Investments and Adjustments	Pro Forma
Assets				
Current assets:				
Cash and cash equivalents	\$ 502.7	\$ —	\$ (27.1)(2)	\$ 475.6
Accounts receivable	2,006.9	—	—	2,006.9
Inventories	581.5	—	—	581.5
Current assets of business held for sale	427.8	(427.8)	—	—
Other	371.4	—	(0.3)(3)	371.1
Total current assets	3,890.3	(427.8)	(27.4)	3,435.1
Long-term assets:				
Property, plant and equipment, net	1,471.7	—	—	1,471.7
Goodwill, net	1,996.7	—	—	1,996.7
Other	491.8	—	27.4(4)	519.2
Total long-term assets	3,960.2	—	27.4	3,987.6
	\$ 7,850.5	\$ (427.8)	\$ —	\$ 7,422.7
Liabilities and Stockholders' Equity				
Current liabilities:				
Short-term borrowings	\$ 39.3	\$ —	\$ —	\$ 39.3
Accounts payable and drafts	2,317.4	26.4	—	2,343.8
Accrued liabilities	1,099.3	—	9.9(5)	1,109.2
Current liabilities of business held for sale	405.7	(405.7)	—	—
Current portion of long-term debt	25.6	—	—	25.6
Total current liabilities	3,887.3	(379.3)	9.9	3,517.9
Long-term liabilities				
Long-term debt	2,434.5	—	—	2,434.5
Long-term liabilities of business held for sale	48.5	(48.5)	—	—
Other	878.2	—	5.9(6)	884.1
Total long-term liabilities	3,361.2	(48.5)	5.9	3,318.6
Stockholders' equity	602.0	—	(15.8)(7)	586.2
	\$ 7,850.5	\$ (427.8)	\$ —	\$ 7,422.7

See Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

Unaudited Pro Forma Condensed Consolidated Statements of Operations
(in millions)

	For the Year Ended December 31, 2006			
	As Reported	IAC Transactions		Pro Forma
		Divestitures ⁽¹⁾	Investments and Adjustments	
Net sales	\$ 17,838.9	\$ (3,067.2)	\$ —	\$ 14,771.7
Cost of sales	16,911.2	(3,168.3)	—	13,742.9
Selling, general and administrative expenses	646.7	(72.0)	—	574.7
Goodwill impairment charge	2.9	(2.9)	—	—
Loss on divestiture of Interior business	636.0	(636.0)	—	—
Interest expense	209.8	(0.4)	—	209.4
Other expense, net	85.7	(10.1)	—	75.6
Income (loss) before provision for income taxes, minority interests in consolidated subsidiaries, equity in net (income) loss of affiliates and cumulative effect of a change in accounting principle	(653.4)	822.5	—	169.1
Provision for income taxes	54.9	(2.0)	15.7(8)	68.6
Minority interests in consolidated subsidiaries	18.3	1.1	—	19.4
Equity in net (income) loss of affiliates	(16.2)	—	43.4(9)	27.2
Income (loss) before cumulative effect of a change in accounting principle	(710.4)	823.4	(59.1)	53.9
Cumulative effect of a change in accounting principle	2.9	—	—	2.9
Net income (loss)	<u>\$ (707.5)</u>	<u>\$ 823.4</u>	<u>\$ (59.1)</u>	<u>\$ 56.8</u>
Net income (loss) per share				
Basic	<u>\$ (10.31)</u>			<u>\$ 0.83</u>
Diluted	<u>\$ (10.31)</u>			<u>\$ 0.82</u>
Weighted average shares outstanding				
Basic	<u>68,607,262</u>			<u>68,607,262</u>
Diluted	<u>68,607,262</u>			<u>69,477,488</u>

See Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

- (1) To eliminate the carrying value of certain assets and liabilities and the results of operations arising from the IAC North America Transaction and the IAC Europe Transaction. Does not reflect certain pre-closing liabilities retained by Lear, including pre-closing pension and postretirement healthcare liabilities.
- (2) To reflect cash contributed to IACNA in connection with the IAC North America Transaction of \$27.1 million.
- (3) To reflect proceeds related to the IAC North America Transaction.
- (4) To reflect Lear's investment in IACNA of \$27.4 million (including \$0.3 million related to the fair value of equity warrants to purchase an additional 7% of the current outstanding common equity of IACNA). The calculation of Lear's investment in IACNA is shown below:

	IACNA
Fair value of assets contributed by majority owners (based on cash transactions)	\$ 81.2
Majority owners' equity interest	75.0%
Fair value of entity	108.3
Lear's equity interest	25.0%
	27.1
Fair value of equity warrants	0.3
Fair value of Lear's investment	<u>\$ 27.4</u>

- (5) To reflect transaction costs and incremental current liabilities of \$9.9 million related to the IAC North America Transaction.
- (6) To reflect estimated net curtailment charges and special termination benefits of \$5.9 million incurred by Lear related to the IAC North America Transaction.
- (7) To reflect the estimated additional loss of \$15.8 million resulting from liabilities and transaction costs incurred by Lear in the first quarter of 2007 relating to the IAC North America Transaction. The calculation of Lear's estimated loss resulting from the IAC North America Transaction and the IAC Europe Transaction is shown below:

Estimated additional loss resulting from the IAC North America Transaction	\$ 15.8
Loss on divestiture of Interior business for the year ended December 31, 2006	636.0
Estimated pretax loss resulting from the IAC North America Transaction and the IAC Europe Transaction	651.8
Tax benefit	(15.7)
Estimated loss resulting from the IAC North America Transaction and the IAC Europe Transaction	<u>\$ 636.1</u>

The estimated pre-tax loss resulting from the IAC North America Transaction and the IAC Europe Transaction of \$651.8 million reflects balances as of December 31, 2006. In the first quarter of 2007, Lear expects to recognize additional losses on the divestiture of its North American interior business of approximately \$20 million as a result of the write-off of fixed assets acquired in the first quarter of 2007. The pro forma financial information excludes the first quarter 2007 results of operations of Lear's North American interior business.

- (8) To reflect the elimination of tax benefits of \$12.8 million related to the IAC North America Transaction and \$2.9 million related to the IAC Europe Transaction.
- (9) To reflect Lear's estimated equity loss of \$42.1 million related to its 25.0% ownership interest in IACNA and Lear's estimated equity loss of \$1.3 million related to its one-third ownership interest in IAC Europe. This adjustment does not reflect purchase accounting adjustments to be recorded by IACNA and IAC Europe and does not reflect the operations of other businesses acquired by IAC Europe.