FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998.

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .
COMMISSION FILE NUMBER: 1-11311

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	13-3386776
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
21557 TELEGRAPH ROAD, SOUTHFIELD, MI	48086-5008
(Address of principal executive offices)	(zip code)

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

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value $.01 per share	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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

As of March 3, 1999, the aggregate market value of the registrant's Common Stock, par value $.01 per share, held by non-affiliates of the registrant was $2,273,945,785. The closing price of the Common Stock on March 3, 1999 as reported on the New York Stock Exchange was $34 5/16 per share.

As of March 3, 1999, the number of shares outstanding of the registrant's Common Stock was 66,708,873 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's Notice of Annual Meeting of Stockholders and Proxy Statement for its Annual Meeting of Stockholders to be held on May 13, 1999, as described in the Cross-Reference Sheet and a Table of Contents included herewith, are incorporated by reference into Part III of this Report.

CROSS REFERENCE SHEET
AND
TABLE OF CONTENTS

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(1) Certain information is incorporated by reference, as indicated below, from the registrant's Notice of Annual Meeting of Stockholders and Proxy Statement for its Annual Meeting of Stockholders to be held on May 13, 1999 (the "Proxy Statement").

(2) Proxy Statement sections entitled "Election of Directors" and "Management."

(3) Proxy Statement section entitled "Executive Compensation."

(4) Proxy Statement section entitled "Management -- Security Ownership of Certain Beneficial Owners and Management."

(5) Proxy Statement section entitled "Certain Transactions."

PART I

ITEM 1 -- BUSINESS

As used in this Report, unless the context otherwise requires, the "Company" or "Lear" refers to Lear Corporation and its consolidated subsidiaries. A significant portion of the Company's operations are conducted through wholly-owned subsidiaries of Lear Corporation.

BUSINESS OF THE COMPANY

GENERAL

Lear is the largest supplier of automotive interior systems in the estimated $50 billion global automotive interior market and one of the largest independent automotive suppliers in the world. We have experienced substantial growth in market presence and profitability over the last five years as a result of both internal growth and acquisitions. Our sales have grown from approximately $2.0 billion for the year ended December 31, 1993 to approximately $9.1 billion for the year ended December 31, 1998, a compound annual growth rate of 35%. Excluding the $133 million restructuring and other charges recorded during 1998, operating income has grown from $80 million for the year ended December 31, 1993 to $475 million for the year ended December 31, 1998, a compound annual growth rate of 43%. Our present customers include 23 Original Equipment Manufacturers ("OEMs"), the most significant of which are Ford, General Motors, DaimlerChrysler, Fiat, Volvo, Saab, Volkswagen and BMW. As of December 31, 1998, we employed over 60,000 people in 28 countries and operated 206 manufacturing, advanced technology, product engineering and administration facilities. We are the successor to a manufacturer of automotive steel components founded in 1917 that served as a supplier to General Motors and Ford from its inception.

Lear is a leading global supplier of automotive interiors with in-house capabilities in all five principal automotive interior segments: seat systems; flooring and acoustic systems; door panels; headliners; and instrument panels. We are able to offer our customers design, engineering and project management support for the entire automotive interior. We believe that the ability to offer total interiors provides us with a competitive advantage as OEMs continue to reduce their supplier base and demand improved quality and enhanced technology. In addition, our broad array of products and process offerings enables us to provide each customer with products tailored to its particular needs.

We are focused on delivering high quality automotive interior systems and components to our customers on a global basis. Due to the opportunity for significant cost savings and improved product quality and consistency, OEMs have increasingly required their suppliers to manufacture automotive interior systems and components in multiple geographic markets. In recent years, we have aggressively expanded our operations in Western Europe and emerging markets in Eastern Europe, South America, South Africa and the Asia/Pacific Rim region, giving us the capability to provide our products on a global basis to OEM customers. In 1998, we began shipping seat systems in Russia, interior trim components in Belgium and seat covers from Portugal. In 1997, we began supplying seat systems in India and seat systems and interior trim components in the Chinese market. Since late 1996, we have also established joint ventures in Thailand, Brazil and Argentina and have opened facilities in Argentina, Brazil, South Africa, India, Indonesia, Australia and Venezuela. As a result of our efforts to expand worldwide operations, our sales outside the United States and Canada have grown from $0.6 billion, or 30.4% of our net sales, for the year ended December 31, 1993 to $3.7 billion, or 40.7% of our net sales, for the year ended December 31, 1998.

In 1998, Lear was the leading independent supplier to the estimated $50 billion global automotive interior market, with a 17% market share. We hold a leading 47% share of the estimated $8.4 billion North American seat systems market and a 38% share of the estimated $1.5 billion North American flooring and acoustic systems market. In 1998, we were also a leading independent supplier to the estimated $7.9 billion Western European seat systems market, with a 27% share. The door panel, headliner and instrument panel segments of the automotive interior market contain no dominant independent supplier and are in the early stages of the outsourcing and/or consolidation process. We believe that the same competitive pressures that contributed to

the rapid expansion of our seat systems business in North America since 1983 will continue to encourage OEMs in the North American and European markets to outsource more of their door panel, headliner and instrument panel requirements.

ACQUISITIONS

To supplement our internal growth and implement our business strategy, we have made several strategic acquisitions since 1990. The following is a summary of recent major acquisitions:

Delphi Automotive Systems' Seating Business Acquisition

In September 1998, we purchased the seating business of Delphi Automotive Systems, a division of General Motors Corporation ("Delphi Seating"). Delphi Seating was a leading supplier of seat systems to General Motors, with sixteen facilities located throughout ten countries. This acquisition strengthened our relationship with General Motors and expanded our product lines, technological capabilities and market share. The aggregate purchase price for the Delphi Seating acquisition was approximately $246.6 million. Funds for the Delphi Seating acquisition were provided by borrowings under our multi-currency revolving credit facility (the "Credit Agreement").

Chapman Acquisition

In May 1998, we acquired the A.W. Chapman Ltd. and A.W. Chapman Belgium NV subsidiaries ("Chapman") of the Rodd Group Limited. Chapman produced seat tracks, mechanisms and seat height adjusters at plants in Bicester and Shepperton in the United Kingdom and in Houthalen, Belgium. The Chapman companies have been integrated into our Structural Systems Division and complement our existing seat component operations.

Pianfei and Strapazzini Acquisitions

In May 1998, we acquired Gruppo Pianfei S.r.L ("Pianfei"). Pianfei produced door panels, headliners and plastic interior components at six facilities located throughout Italy. Also in May 1998, we acquired Strapazzini Resine S.r.L. ("Strapazzini"). Strapazzini produced instrument panels, door panels, sunshades, consoles and pillar trim at two facilities located in Italy. These two acquisitions increased our position in Europe as a leading supplier of interior components, and continued our global growth. Major customers include Fiat, BMW, DaimlerChrysler and Pininfarina.

ITT Automotive's Seat Sub-Systems Unit Acquisition

In August 1997, we acquired the Seat Sub-Systems Unit of ITT Automotive, a division of ITT Industries ("ITT Seat Sub-Systems"). ITT Seat Sub-Systems was a North American supplier of power seat adjusters and power recliners.

Keiper Seating Acquisition

In July 1997, we acquired certain equity and partnership interests in Keiper Car Seating GmbH&Co and certain of its subsidiaries and affiliates ("Keiper") for DM 400 million (approximately $252.5 million). Keiper was a leading supplier of automotive vehicle seat systems on a JIT basis for markets in Germany, Hungary, Italy, Brazil and South Africa. The Keiper acquisition strengthened our core seat system business, expanded our presence in Europe, Brazil and South Africa and enhanced our relationships with Mercedes Benz, Audi, Volkswagen and Porsche.

Dunlop Cox Acquisition

In June 1997, we acquired the stock of Dunlop Cox. Dunlop Cox, based in Nottingham, England, provided us with the ability to design and manufacture manual and electronically-powered automotive seat adjusters.

Borealis Acquisition

In December 1996, we acquired all of the issued and outstanding shares of common stock of Borealis Industrier, A.B. ("Borealis"), a leading Western European supplier of instrument panels, door panels and other automotive components. The Borealis acquisition provided us with the technology and facilities to manufacture instrument panels, giving us the ability to produce complete interior systems. Borealis also produced door panels, climate systems, exterior trim and various components for the Western European automotive, light truck and heavy truck industries. In addition, the Borealis acquisition increased our presence in Western Europe and strengthened our relationships with Volvo, Saab and Scania. The aggregate purchase price for the Borealis acquisition was approximately $91.1 million.

Masland Acquisition

In July 1996, we completed the acquisition of all of the issued and outstanding shares of common stock of Masland Corporation ("Masland") for an aggregate purchase price of approximately $473.8 million. The Masland acquisition gave us the manufacturing capabilities to produce flooring and acoustic systems. In 1998, primarily as a result of the Masland acquisition, we held a 38% share of the estimated $1.5 billion North American flooring and acoustic systems market. Also as a result of the Masland acquisition, we became a major supplier of interior and luggage trim components and other acoustical products which are designed to minimize noise, vibration and harshness for passenger cars and light trucks.

AI Acquisition

In August 1995, we acquired all of the issued and outstanding shares of common stock of Automotive Industries Holding, Inc. ("AI"), a leading designer and manufacturer of high quality interior systems and blow molded plastic parts for automobile and light truck manufacturers. Prior to the AI acquisition, we had participated primarily in the seat systems segment of the interior market, which comprises approximately 50% of the total worldwide interior market. By providing us with substantial manufacturing capabilities to produce door panels and headliners, the AI acquisition made us one of the largest independent Tier I suppliers of automotive interior systems in the North American and Western European light vehicle interior market. The aggregate purchase price for the AI acquisition was approximately $881.3 million.

FSB Acquisition

In December 1994, we acquired the primary automotive seat systems supplier to Fiat and certain related businesses (the "Fiat Seat Business"). We also entered into a long-term supply agreement with Fiat to produce all outsourced automotive seat systems for Fiat and affiliated companies worldwide. The acquisition of the Fiat Seat Business not only established us as a market leader in automotive seat systems in Europe, but, combined with our position in North America, made us one of the largest automotive seat systems manufacturers in the world. In addition, it gave us access to rapidly expanding markets in South America and has resulted in the formation of new joint ventures which are supplying automotive seat systems to Fiat and its affiliates in Brazil and Argentina.

NAB Acquisition

In November 1993, we significantly strengthened our position in the North American automotive seating market by purchasing the North American seat cover and seat systems business (the "NAB") of Ford Motor Company. The NAB consisted of an integrated United States and Mexican operation which produced seat covers for approximately 80% of Ford's North American vehicle production (as well as for several independent suppliers) and manufactured seat systems for certain Ford models. Prior to the NAB acquisition, we outsourced a significant portion of our seat cover requirements.

PENDING ACQUISITION

UT Automotive

On March 16, 1999, we entered into a definitive purchase agreement to acquire UT Automotive, Inc. ("UT Automotive"), a wholly-owned subsidiary of United Technologies Corporation, for $2.3 billion. UT Automotive is a leading supplier of electrical distribution, electronic, motor, and interior products and systems to the global automotive industry. Headquartered in Dearborn, Michigan, UT Automotive has annual sales of approximately $3 billion, 44,000 employees and 90 facilities located in 18 countries. Consummation of the acquisition is contingent upon expiration or termination of any applicable waiting periods under the federal Hart-Scott-Rodino Antitrust Improvements Act.

PRODUCTS

Our products have evolved from our many years of manufacturing experience in the automotive seat frame market where we have been a supplier to General Motors and Ford since 1917. The seat frame has structural and safety requirements which make it the basis for overall seat design and was the logical first step to our emergence as a premier supplier of entire seat systems and seat components. Through the acquisitions discussed above, we have expanded our product offerings and can now manufacture and supply our customers with complete interiors, including flooring and acoustic systems, door panels, headliners and instrument panels. We also produce a variety of blow molded products and other automotive components. We believe that as OEMs continue to seek ways to improve vehicle quality while simultaneously reducing the costs of the various vehicle components, they will increasingly look to suppliers, such as Lear, with the capability to test, design, engineer and deliver products for a complete vehicle interior. We also believe that OEMs will continue their move to modular production by sourcing to key suppliers, such as Lear, the development and manufacture of complete interior modules and systems.

The following is the approximate composition by product category of our net sales in the year ended December 31, 1998: seat systems, $6.1 billion; flooring and acoustic systems, $.6 billion; door panels, $.3 billion; headliners, $.1 billion; instrument panels $.1 billion; and other components, including tier II sales, $1.9 billion.

- Seat Systems. The seat systems business consists of the manufacture, assembly and supply of vehicle seating requirements. Seat systems typically represent approximately 50% of the cost of the total automotive interior. We produce seat systems for automobiles and light trucks that are fully finished and ready to be installed in a vehicle. Seat systems are fully assembled seats, designed to achieve maximum passenger comfort by adding a wide range of manual and power features such as lumbar supports, cushion and back bolsters and leg and thigh supports.

As a result of our product technology and product design strengths, we have been a leader in incorporating convenience features and safety improvements into our seat designs. In 1998, we adopted a new methodology for developing automotive interiors, "People-Vehicle-Interface" or PVI Method(TM). PVI Method(TM) is the innovation development discipline that we use to understand what consumers really want inside their vehicles, while simultaneously developing automotive interiors that meet both federal safety standards and customer requirements. We have also developed methods to reduce our customer's costs throughout the automotive interior. For example, in 1997, we showcased the Revolution(TM) Seat Module. The Revolution(TM) Seat Module utilizes a unique seat frame that can be fitted with a wide variety of our seat backs and cushions to meet the needs of a range of different vehicles. The Revolution(TM) Seat Module simplifies and standardizes seat system assembly, enhances interior room and lowers total vehicle costs. Additionally, we are producing a ventilated seat for Saab, which draws heat and moisture away from the seat with fans that are embedded in the seat cushions. We have also increased production of our new integrated restraint seat system that increases occupant comfort and convenience. Licensed exclusively to Lear, this patented seating concept uses a special ultra high-strength steel tower, a blow-molded seat back frame and a split-frame design to improve occupant comfort and convenience. Other product ideas include newly developed fabric seat heaters, a lightweight "ultra low mass seat" and a Code-Alarm(TM) integrated seat, which includes a security device that automatically moves the back of the driver seat against the steering wheel to deter theft.

Our position as a market leader in seat systems is largely attributable to seating programs on new vehicle models launched in the past ten years. We are currently working with customers in the development of a number of seat systems products to be introduced by automotive manufacturers in the future.

- Flooring and Acoustic Systems. Flooring systems consist both of carpet and vinyl products, molded to fit precisely the front and rear passenger compartments of cars and trucks, and accessory mats. While carpet floors are used predominately in passenger cars and trucks, vinyl floors, because of their better wear and maintenance characteristics, are used primarily in commercial and fleet vehicles. We are one of the largest independent suppliers of vinyl automotive flooring systems in North America and one of the few suppliers of both carpet and vinyl automotive flooring systems. With the Masland acquisition, we acquired Maslite(TM), a material that is 40% lighter than vinyl, which has replaced vinyl accessory mats on selected applications.

The automotive flooring system is multi-purpose. Its performance is based on the correct selection of materials to achieve an attractive, quiet and durable interior compartment. Automotive carpet requirements are more stringent than the requirements for carpet used in homes and offices. For example, automotive carpet must provide higher resistance to fading and improved resistance to wear despite being lighter in weight than carpet found in homes and offices. Masland's significant experience has enabled us to meet these specialized needs. Carpet flooring systems generally consist of tufted carpet to which a specifically engineered thermoplastic backcoating has been added. This backcoating, when heated, enables us to mold the carpet to fit precisely the interior of the vehicle. Additional insulation materials are added to provide noise, vibration and harshness resistance. Flooring systems are complex products which are based on sophisticated designs and use specialized design materials to achieve the desired visual, acoustic and heat management requirements in the automotive interior.

Our primary acoustic product, after flooring systems, is the dash insulator. The dash insulator attaches to the vehicle's sheet metal firewall, separating the passenger compartment from the engine compartment, and is the primary component for preventing engine noise and heat from entering the passenger compartment. Our ability to produce both the dash insulator and the flooring system enables us to accelerate the design process and supply an integrated system. We believe that OEMs, recognizing the cost and quality advantages of producing the dash insulator and the flooring system as an integrated system, will increasingly seek suppliers to coordinate the design, development and manufacture of the entire floor and acoustic system.

In 1998, we held a 38% share of the estimated $1.5 billion North American flooring and acoustic systems market. In addition, we participate in the European flooring systems market through a joint venture with Sommer-Allibert S.A.

- Door Panels. Door panels consist of several component parts that are attached to a base molded substrate by various methods. Specific components include vinyl or cloth-covered appliques, armrests, radio speaker grilles, map pocket compartments, carpet and sound-reducing insulation. Upon assembly, each component must fit precisely and must match the color of the base substrate. In 1997, we introduced the One-Step(TM) liftgate which includes many features, including an innovative system which consolidates all of the liftgate's internal mechanisms, including glass, window regulators and latches and providing customers with a higher quality product at a lower price. Assembly of the One-Step(TM) liftgate involves combining an injection molded plastic trim panel with all major mechanical components into a single system which can be shipped to OEMs fully assembled, tested and ready to install. We believe that both the One-Step(TM) door and One-Step(TM) liftgate, while not yet in production, offers us significant opportunities to capture a major share of the estimated $10 billion modular door market.

In 1998, among independent automotive interior suppliers, we held a leading 12% share of the estimated $1.9 billion North American door panel market. We believe that this leadership position has been achieved by offering OEMs the widest variety of manufacturing processes for door panel production. In Western Europe, we held a small position in the door panel market. These markets contain no dominant supplier and are just beginning to experience the outsourcing and consolidation trends that have characterized the seat systems market since the 1980's. With our global scope, technological expertise and established customer relationships, we believe that we are well-positioned to benefit from these positive industry dynamics.

- Instrument Panels. The instrument panel is a complex system of foil coverings, foams, plastics and metals designed to house various components and act as a safety device for the vehicle occupants. Specific components of the instrument panel include the heating, venting and air conditioning (HVA/C) module, air distribution ducts, air vents, cross car structure, glove compartment assemblies, electrical components, wiring harness, radio system and passenger airbag units. As the primary occupant focal point of the vehicle interior, the instrument panel is designed to be aesthetically pleasing while also serving as the structural carrier of various components.

Safety issues surrounding air bag technologies are currently a significant focus of the instrument panel segment. We believe that we will continue to increase our presence in this area through our research and development efforts, resulting in innovations such as the introduction of cost effective, integrated, seamless airbag covers, which increase occupant safety. Future trends in the instrument panel segment will continue to focus on safety with the introduction of low-mounted airbags as knee restraint components.

Cost, weight and part minimization are also key elements in instrument panel development for the next generation of vehicle systems. Our goals are to meet future OEM requirements by increasing the integration level of instrument panel components and by incorporating additional safety features on the primary carrier. Currently, the majority of instrument panel components are assembled at the assembly plant by the OEM. By utilizing our years of JIT assembly experience of complex automotive interior systems, we believe that we have the ability to capitalize on the OEMs' trend toward outsourcing of complete modular systems and to increase our share of the worldwide instrument panel market.

- Headliners. In 1997, we created a joint venture with Donnelly Corporation for the design, development, marketing and production of overhead systems for the global automotive interior market. We design and manufacture headliners, which consist of the headliner substrate, covering material, visors, overhead consoles, grab handles, coat hooks, lighting, wiring and insulators. As with door panels, upon assembly, each headliner component must fit precisely and must match the color of the base substrate. With our sophisticated design and engineering capabilities, we believe we are able to supply headliners with enhanced quality and lower costs than OEMs can achieve internally.

OEMs are increasingly requiring independent suppliers, such as Lear, to produce integrated overhead systems. In 1998, we focused on ergonomics, safety and premium sound in designing the TransG(TM) headliner system. The TransG(TM) headliner system features displays and controls placed in convenient sight lines, more protection for vehicle occupants provided by side and front air curtains which deploy upon impact and superior sound from the OASys(TM) overhead audio system. We have also introduced an advanced overhead system which incorporates HVA/C ducting, an occupant position detection system, CD changer, trim inflatable tubular structure side air bags and surround sound speakers into a single integrated overhead system. We believe that as these and other products move from the design stage to the production stage over the next several years, we will have significant opportunities to increase our share of the headliner market.

The headliner market is highly fragmented, with no dominant independent supplier. As OEMs continue to seek ways to improve vehicle quality and simultaneously reduce costs, we believe that headliners will increasingly be outsourced to suppliers, such as Lear, providing significant growth opportunities.

- Component Products. In addition to the interior systems and other products described above, we are able to supply a variety of interior trim, blow molded plastic parts and other automotive components.

We produce seat covers for integration into our own seat systems and for delivery to external customers. Our major external customers for seat covers are other independent seat systems suppliers as well as the OEMs. The expansion of our seat cover business gives us better control over the costs and quality of one of the critical components of a seat system. Typically, seat covers comprise approximately 30% of the aggregate cost of a seat system.

We produce steel and aluminum seat frames for passenger cars and light trucks. Seat frames are primarily manufactured using precision stamped, tubular steel and aluminum components joined together by highly automated, state-of-the-art welding and assembly techniques. The manufacture of seat frames must meet strict customer and government specified safety standards. Our seat frames are either delivered to our

own plants, where they become part of a complete seat system that is sold to the OEM customer, or are delivered to other independent seating suppliers for use in the manufacture of assembled seating systems.

We also produce a variety of interior trim products, such as pillars, cowl panels, scuff plates, trunk liners, quarter panels and spare tire covers, as well as blow molded plastic products, such as fluid reservoirs, vapor canisters and duct systems. In contrast to interior trim products, blow molded products require little assembly. However, the manufacturing process for such parts demands considerable expertise in order to consistently produce high quality products. Blow molded parts are produced by extruding a shaped parison or tube of plastic material and then clamping a mold around the parison. High pressure air is introduced into the tube causing the hot plastic to take the shape of the surrounding mold. The part is removed from the mold after cooling and is finished by trimming, drilling and other operations.

MANUFACTURING

All of our manufacturing facilities use just-in-time ("JIT") manufacturing techniques. Most of our seating related products and many of our other interior products are delivered to the OEMs on a JIT basis. The JIT concept, first broadly utilized by Japanese automotive manufacturers, is the cornerstone of our manufacturing and supply strategy. This strategy involves many of the principles of the Japanese system but was adapted for compatibility with the greater volume requirements and geographic distances of the North American market. We first developed JIT operations in the early 1980's at our seat frame manufacturing plants in Morristown, Tennessee and Kitchener, Ontario, Canada. These plants had previously operated under traditional manufacturing practices, resulting in relatively low inventory turnover rates, significant scrap and rework, a high level of indirect labor costs and long production set-up times. As a result of JIT manufacturing techniques, we have been able to consolidate plants, increase capacity and significantly increase inventory turnover, quality and productivity.

The JIT principles first developed at our seat frame plants were next applied to our growing seat systems business and have now evolved into sequential parts delivery principles. Our seating plants are typically no more than 30 minutes or 20 miles from our customers' assembly plants and are able to manufacture seats for delivery to the customers' facilities in as little as 90 minutes. Orders for our seats are received on a weekly basis, pursuant to blanket purchase orders for annual requirements. These orders detail the customers' needs for the following week. In addition, constant computer and other communication connections are maintained between personnel at our plants and personnel at the customers' plants to keep production current with the customers' demand.

As we expand our product line to include total automotive interiors, we are also expanding our JIT facility network. Our strategy is to leverage our JIT seat system facilities by moving the final assembly and sequencing of other interior components from our centrally located facilities to our JIT facilities.

A description of the manufacturing processes for our product segments is set forth below.

- Seat Systems. Seat assembly techniques fall into two major categories, traditional assembly methods (in which fabric is affixed to a frame using Velcro, wire or other material) and more advanced bonding processes. The principal bonding technique involves our patented SureBond(TM) and DryBond(TM) processes, in which fabric is affixed to the underlying foam padding using adhesives. The SureBond(TM) and DryBond(TM) processes have several major advantages when compared to traditional methods, including design flexibility, increased quality and lower cost. The SureBond(TM) and DryBond(TM) processes, unlike alternative bonding processes, result in a more comfortable seat in which air can circulate freely. The SureBond(TM) and DryBond(TM) processes, moreover, are reversible, so that seat covers that are improperly installed can be removed and repositioned properly with minimal materials cost. In addition, the SureBond(TM) and DryBond(TM) processes are not capital intensive when compared to competing bonding technologies. Approximately one-fourth of our seats are manufactured using the SureBond(TM) and DryBond(TM) processes.

The seat assembly process begins with obtaining the requisite components from inventory. Inventory at each plant is kept at a minimum, with each component's requirement monitored on a daily basis. This allows

the plant to minimize production space but also requires precise forecasts of the day's output. Seats are assembled in modules, then tested and packaged for shipment. We operate a specially designed trailer fleet that accommodates the off-loading of vehicle seats at the customers' assembly plants.

We obtain steel, aluminum and foam chemicals used in our seat systems from several producers under various supply arrangements. These materials are readily available. Leather, fabric and certain purchased components are generally purchased from various suppliers under contractual arrangements usually lasting no longer than one year. Some of the purchased components are obtained through our own customers.

- Flooring and Acoustic Systems. We produce carpet at our plant in Carlisle, Pennsylvania. Smaller "focused" facilities are dedicated to specific groups of customers and are strategically located near their production facilities. This proximity improves responsiveness to our customers and speeds product delivery to customer assembly lines, which is done on a JIT basis. Our manufacturing operations are complemented by our research and development efforts, which have led to the development of a number of proprietary products, such as our EcoPlus(TM) recycling process and Maslite(TM), a lightweight proprietary material used in the production of accessory mats and as a vinyl floor alternative.

- Door Panels/Headliners. We use numerous molding, bonding, trimming and finishing manufacturing processes. The wide variety of manufacturing processes helps to satisfy a broad range of customers' cost and functionality specifications. Our ability and experience in producing interior products for such a vast array of applications enhances our ability to provide total interior solutions to OEMs globally. We are beginning to employ many of the same JIT principles used at our seat facilities.

The core technologies used in our interior trim systems include injection molding, low-pressure injection molding, rotational molding and urethane foaming, compression molding of Wood-Stock(TM) (a process that combines polypropylene and wood flour), glass reinforced urethane and a proprietary headliner process. One element of our strategy is to focus on more complex, value-added integrated systems. We deliver these integrated systems at attractive prices to the customer because certain services such as design and engineering and sub-assembly are provided more cost efficiently by Lear. The principal purchased components for interior trim systems are polyethylene and polypropylene resins which are generally purchased under long-term agreements and are available from multiple suppliers. We are continuing to develop recycling methods in light of future environmental requirements and conditions in order to maintain our competitive position in this segment.

The combined pressures of cost reduction and fuel economy enhancement have caused automotive manufacturers to concentrate their efforts on developing and employing lower cost, lighter materials. As a result, plastic content in cars and light trucks has grown significantly. Increasingly, automotive content requires large plastic injection molded assemblies for both the interior and exterior. Plastics are now commonly used in such nonstructural components as interior and exterior trim, door panels, instrument panels, grilles, bumpers, duct systems, taillights and fluid reservoirs. For interior trim applications, substitution of plastics for other materials is largely complete, and little growth through substitution is expected. However, further advances in injection molding technologies are improving the performance and appearance of parts molded in reinforced thermoplastics.

- Instrument Panels. Our in-house process capabilities for producing instrument panels include injection molding, vacuum forming, and other various finishing methods. Our foil and foam capabilities, whereby molded vinyl is bonded to a plastic substrate using an expandable foam, are used throughout the world. We are continuing to develop recycling methods in light of future environmental requirements and conditions in order to reduce costs and increase our presence in this segment. The wide variety of available manufacturing processes helps us continue to meet customer cost and functionality specifications.

CUSTOMERS

Lear serves the worldwide automobile and light truck market, which produces approximately 50 million vehicles annually. Our OEM customers currently include Ford, General Motors, DaimlerChrysler, Fiat,

Volvo, Saab, Volkswagen, BMW, Honda USA, Mitsubishi, Mazda, Toyota, Subaru, Nissan, Isuzu, Peugeot, Porsche, Renault, Gaz, Mahindra & Mahindra, Suzuki, Hyundai and Daewoo. During the year ended December 31, 1998, General Motors and Ford, the two largest automobile and light truck manufacturers in the world, accounted for approximately 26% and 23%, respectively, of our net sales. For additional information regarding customers, foreign and domestic sales and operations, see Note 14, "Segment Reporting," to our 1998 consolidated financial statements included in this Report.

In the course of retooling and reconfiguring plants for new models and model changeovers, certain OEMs have eliminated the production of seat systems and other interior systems and components from certain of their facilities, thereby committing themselves to purchasing these items from outside suppliers. During this period, we became a supplier of these products for a significant number of new models, many on a JIT basis.

The purchase of seat systems and other interior systems and components from full-service independent suppliers like Lear has allowed our customers to realize a competitive advantage as a result of (i) a reduction in net overhead expenses and capital investment due to the availability of significant floor space for the expansion of other OEM manufacturing operations (ii) the elimination of working capital and personnel costs associated with the production of interior systems by the OEM, (iii) a reduction in labor costs since suppliers like Lear generally enjoy lower direct labor and benefit rates and (iv) a reduction in transaction costs by utilizing a limited number of sophisticated system suppliers instead of numerous individual component suppliers. In addition, we offer improved quality and on-going cost reductions to our customers through continuous, Company-initiated design improvements. We believe that such cost reductions will lead OEMs to outsource an increasing portion of their automotive interior requirements in the future and provide us with significant growth opportunities.

Our sales of value-added assemblies and component systems have increased as a result of the decision by many OEMs to reduce their internal engineering and design resources. In recent years, we have significantly increased our capacity to provide complete engineering and design services to support our product line. Because assembled parts such as door panels, flooring and acoustic systems, armrests and consoles need to be designed at an early stage in the development of new vehicles or model revisions, we are increasingly given the opportunity to participate earlier in the product planning process. This has resulted in opportunities to add value by furnishing engineering and design services and managing the sub-assembly process for the manufacturer as well as providing the broader range of parts that are required for assembly.

We maintain "Customer Focused Divisions" for each of our major customers. This organizational structure consists of several dedicated groups, each of which is primarily focused on serving the needs of a single customer and supporting that customer's programs and product development. Each division is capable of providing whatever interior component the customer needs, thereby providing that customer's purchasing agents, engineers and designers with a single point of contact for their total automotive interior needs.

We receive blanket purchase orders from our customers that normally cover annual requirements for products to be supplied for a particular vehicle model. Such supply relationships typically extend over the life of the model, which is generally four to seven years, and do not require the purchase by the customer of any minimum number of products. Although such purchase orders may be terminated at any time, we do not believe that any of our customers have terminated a material purchase order prior to the end of the life of a model. Our primary risk is that an OEM will produce fewer units of a model than anticipated. In order to reduce our reliance on any one model, we produce interior systems and components for a broad cross-section of both new and more established models. Our sales for the year ended December 31, 1998 were comprised of the following vehicle categories: 39% light truck; 24% mid-size; 19% luxury/sport; 13% compact; and 5% full-size.

Because of the economic benefits inherent in outsourcing to suppliers such as Lear and the costs associated with reversing a decision to purchase seat systems and other interior systems and components from an outside supplier, we believe that automotive manufacturers' commitment to purchasing seat systems and other interior systems and components from outside suppliers, particularly on a JIT basis, will increase. However, under the contracts currently in effect in the United States and Canada between each of General Motors, Ford and DaimlerChrysler with the United Auto Workers ("UAW") and the Canadian Auto

Workers ("CAW"), in order for any of such manufacturers to obtain from external sources components that it currently produces, it must first notify the UAW or the CAW of such intention. If the UAW or the CAW objects to the proposed outsourcing, some agreement will have to be reached between the UAW or the CAW and the OEM. Factors that will normally be taken into account by the UAW, the CAW and the OEM include whether the proposed new supplier is technologically more advanced than the OEM, whether the new supplier is unionized, whether cost benefits exist and whether the OEM will be able to reassign union members whose jobs are being displaced to other jobs within the same factories. As part of its long-term agreement with General Motors, we operate our Rochester Hills, Michigan and Wentzville, Missouri facilities with General Motors' employees and reimburse General Motors for the wages of such employees on the basis of our employee wage structure. We enter into these arrangements to enhance our relationship with customers. As of January 1, 1998, the General Motors' employees working at our Lordstown, Ohio facility under this agreement became Lear employees.

General Motors and DaimlerChrysler have experienced work stoppages over the past few years, primarily related to the outsourcing of automotive components. These work stoppages halted the production of certain vehicle models and adversely affected our operations.

Our contracts with major customers generally provide for an annual productivity price reduction and, in some cases, provide for the recovery of increases in material and labor costs. Cost reduction through design changes, increased productivity and similar productivity price reduction programs with our suppliers have generally offset changes in selling prices. Our cost structure is comprised of a high percentage of variable costs. We believe that this structure provides us with additional flexibility during economic cycles.

MARKETING AND SALES

We market our products by maintaining strong customer relationships. We have developed these relationships over our 80-year history through extensive technical and product development capabilities, reliable delivery of high quality products, strong customer service, innovative new products and a competitive cost structure. Close personal communications with automotive manufacturers is an integral part of our marketing strategy. Recognizing this, we are organized into independent divisions, each with the ability to focus on its customers and programs and each having complete responsibility for the product, from design to installation. By moving the decision-making process closer to the customer and by instilling a philosophy of "cooperative autonomy," we are more responsive to, and have strengthened our relationships with, our customers. OEMs have generally continued to reduce the number of their suppliers as part of a strategy to purchase interior systems rather than individual components. This process favors suppliers like Lear with established ties to OEMs and the demonstrated ability to adapt to the new competitive environment in the automotive industry.

Our sales are originated almost entirely by our sales staff. This marketing effort is augmented by design and manufacturing engineers who work closely with OEMs from the preliminary design to the manufacture and supply of interior systems or components. Manufacturers have increasingly looked to suppliers like Lear to assume responsibility for introducing product innovation, shortening the development cycle of new models, decreasing tooling investment and labor costs, reducing the number of costly design changes in the early phases of production and improving interior comfort and functionality. Once we are engaged to develop the design for the interior system or component of a specific vehicle model, we are also generally engaged to supply these items when the vehicle goes into production. We have devoted substantial resources toward improving our engineering and technical capabilities and developing advanced technology centers in the United States and in Europe. We have also developed full-scope engineering capabilities, including all aspects of safety and functional testing, acoustics testing and comfort assessment. In addition, we have established numerous product engineering sites in close proximity to our OEM customers to enhance customer relationships and design activity. Finally, we have implemented a program of dedicated teams consisting of interior trim and seat system personnel who are able to meet all of a customer's interior needs. These teams provide a single interface for our customers and help avoid duplication of sales and engineering efforts.

TECHNOLOGY

We conduct advanced technology development at our Technology Division located in Southfield, Michigan and at twenty-one worldwide product engineering centers. At these centers, we engineer our products to determine compliance with applicable safety standards, the products' quality and durability, response to environmental conditions and conformity to customer requirements. We also have state-of-the-art acoustics testing, instrumentation and data analysis capabilities.

We believe that in order to effectively develop total interior systems, it is necessary to integrate the research, design, development, styling and validation of all interior subsystems concurrently. Accordingly, we began expanding our advanced technology center at our world headquarters in Southfield, Michigan. When completed in 1999, our advanced technology center will give Lear the distinction of being the only global automotive supplier with engineering, research, development and validation capabilities for all five interior systems at one location.

We have dedicated, and will continue to dedicate, resources to research and development to maintain our position as a leading technology developer in the automotive interior industry. Research and development costs incurred in connection with the development of new products and manufacturing methods, to the extent not recoverable from the customer, are charged to selling, general and administrative expenses as incurred. Such costs amounted to approximately $116.6 million, $90.4 million and $70.0 million for the years ended December 31, 1998, 1997 and 1996, respectively.

We have developed a number of designs for innovative interior features which we have patented, including advances in interior modularity (for example, the TransG(TM) headliner system, OASys(TM) overhead audio system, Revolution Seating(TM) system and One-Step Door(TM) module). In addition, we incorporate many convenience, comfort and safety features into our interior designs, including advanced storage systems, overhead integrated modules, seat integrated restraint systems (belt systems integrated into seats), side impact air bags and child restraint seats. We continually invest in our computer-aided-engineering and computer-aided-design/computer-aided-manufacturing systems. Recent enhancements to these systems include customer telecommunications and direct exchange of engineering data with other worldwide divisions.

We use our patented SureBond(TM) process to bond seat cover materials to the foam pads on certain seats. The SureBond(TM) process is used to bond a pre-shaped cover to the underlying foam to minimize the need for sewing and to achieve new seating shapes, such as concave shapes, which were previously difficult to manufacture. We have recently improved this process through the development of our patented DryBond(TM) process, which allows for the bonding of vinyl and leather to seat cushions and seat backs. This process further increases manufacturing efficiency, provides longer work cycles for automotive seats and yields more design flexibility for automotive interior components. In 1998, we introduced a new bonding process, Electrobond(TM), to further reduce the cost associated with bonding trim cover materials to their foam counterpart.

We have virtually all technologies and manufacturing processes available for interior trim and under-the-hood applications. These processes include, among other things, high and low pressure injection molding, vacuum forming, blow molding, soft foam molding, heat staking, water jet cutting, vibration welding, ultrasonic welding and robotic painting. In 1998, two new processes were developed, hydra-molding and twin-shell molding. Both of these new processes achieve the goals of reduced capital and cycle time. This wide range of capabilities allows us to assist our customers in selecting the technologies that are the most cost effective for each application. Combined with our design and engineering capabilities and our state-of-the-art technology and engineering centers, we provide comprehensive support to our OEM customers from product development to production.

We own one of the few proprietary-design dynamometers capable of precision acoustics testing of front, rear and four-wheel drive vehicles. Together with our custom-designed reverberation room, computer-controlled data acquisition and analysis capabilities provide precisely controlled laboratory testing conditions for sophisticated interior and exterior noise, vibration and harshness (NVH) testing of parts, materials and systems, including powertrain, exhaust and suspension components.

We hold a number of mechanical and design patents covering our products and have numerous applications for patents currently pending. In addition, we hold several trademarks relating to various manufacturing processes. We also license our technology to a number of seating manufacturers. We continually strive to identify and implement new technologies for use in the design and development of our products.

JOINT VENTURES AND MINORITY INTERESTS

We currently have 33 joint ventures, 19 of which are included in our consolidated financial statements and 14 of which are included in our consolidated financial statements using the equity method of accounting. These joint ventures are located in 16 countries. We pursue attractive joint ventures in order to assist our entry into new markets, facilitate the exchange of technical information, expand our product offerings and broaden our customer base. In 1997, we formed a joint venture with Donnelly Corporation for the design, development, marketing and production of overhead systems for the global automotive market. Also in 1997, with the Keiper acquisition, we acquired interests in joint ventures in Italy to supply seat systems to Alpha Romeo, Fiat, Lancia and Ferrari and in South Africa to supply seat systems to Mercedes, Honda and Mitsubishi. In 1996, we expanded our presence in the Asia/Pacific Rim region with a joint venture with NHK Spring Co., Ltd. to supply seat systems in Thailand to a joint venture between Ford and Mazda. In addition, we entered into a joint venture with Jiangling Motors Co., Ltd. to supply seat systems and interior trim components in China for Isuzu trucks and Ford transit vans. In addition, several of our recent acquisitions have provided us with strategic minority interests.

COMPETITION

We are the leading supplier of automotive interior products with manufacturing capabilities in all five automotive interior segments: seat systems; flooring and acoustic systems; door panels; headliners; and instrument panels. Within each segment, we compete with a variety of independent suppliers and OEM in-house operations. Set forth below is a summary of our primary independent competitors.

- Seat Systems. Lear is one of two primary independent suppliers in the outsourced North American seat systems market. Our main independent competitor in North America is Johnson Controls, Inc. Our major independent competitors in Western Europe are Johnson Controls, Inc. and Faurecia (headquartered in France).

- Flooring and Acoustic Systems. Lear is one of the three primary independent suppliers in the outsourced North American flooring and acoustic systems market. Our primary independent competitors are Collins & Aikman Corp. and the Magee Carpet Company. Our major independent competitors in Western Europe include Sommer Allibert Industrie, Emfisint Automotive SA, Radici, Treves ETS and Rieter Automotive.

- Other Interior Systems and Components. The market for outsourced headliners, door panels and instrument panels is highly fragmented. Our major independent competitors in these segments include Johnson Controls, Inc., Magna International, Inc., Davidson Interior Trim (a division of Textron, Inc.), UT Automotive (which Lear has entered into an agreement to acquire) and a large number of smaller operations.

SEASONALITY

Our principal operations are directly related to the automotive industry. Consequently, we may experience seasonal fluctuation to the extent automotive vehicle production slows, such as in the summer months when plants close for model year changeovers and vacation. Historically, our sales and operating profit have been the strongest in the second and fourth calendar quarters. See Note 16, "Quarterly Financial Data," of the notes to our consolidated financial statements included in this Report.

EMPLOYEES

As of December 31, 1998, Lear employed approximately 24,000 persons in the United States and Canada, 20,200 in Mexico, 17,500 in Europe and 3,600 in other regions of the world. Of these, approximately 9,500 were salaried employees and the balance were paid on an hourly basis. Approximately 21,000 of our employees are members of unions. We have collective bargaining agreements with several unions including: the UAW; the CAW; the Textile Workers of Canada; the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America; the International Association of Machinists and Aerospace Workers; and the AFL-CIO. Each of our unionized facilities in the United States and Canada has a separate contract with the union which represents the workers employed there, with each such contract having an expiration date independent of our other labor contracts. The majority of our European and Mexican employees are members of industrial trade union organizations and confederations within their respective countries. The majority of these organizations and confederations operate under national contracts which are not specific to any one employer. We have experienced some labor disputes at our plants, none of which has significantly disrupted production or had a materially adverse effect on our operations. We have been able to resolve all such labor disputes and believe our relations with our employees are generally good.

In addition, as part of our long-term agreements with General Motors, we currently operate two facilities with an aggregate of approximately 600 General Motors' employees and reimburse General Motors for the wages of such employees on the basis of our wage structure.

ITEM 2 -- PROPERTIES

As of December 31, 1998, our operations were conducted through 206 facilities, some of which are used for multiple purposes, including 166 manufacturing facilities, 22 product engineering centers and 6 advanced technology centers, in 28 countries. Our world headquarters is located in Southfield, Michigan. The facilities range in size from 1,500 square feet to 1,000,000 square feet.

No facility is materially underutilized. Of the 206 existing facilities (which include facilities owned by our less than majority-owned affiliates), 105 are owned and 101 are leased with expiration dates ranging from 1999 through 2007. We believe substantially all of our property and equipment is in good condition and that it has sufficient capacity to meet its current and expected manufacturing and distribution needs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Financial Condition -- Cash Flow."

The following table presents the locations of the our facilities:

ARGENTINA
Buenos Aires
Cordoba

AUSTRALIA
Adelaide
Brooklyn

AUSTRIA
Koflach

BELGIUM
Houthalen

BRAZIL
Betim
Cacapava
Campo Largo
Diadema
Juiz de For a

CANADA
Ajax
Kitchener
Maple
Mississauga
Oakville
St. Thomas
Whitby
Woodstock

CHINA
Nanchang
Shanghai
Wanchai

CZECH REPUBLIC
Prestice

ENGLAND
Alfredon
Bicester
Colne
Coventry
Dunton
Middlemarch
Nottingham
Nuneaton
Shepperton
Tamworth
Tipton

FRANCE
Meaux

GERMANY
Besigheim
Boblingen
Bremen-Mahndorf
Ebersberg
Eisenach
Gustavsburg
Ingolstadt
Munich
Plattling
Quakenbruck
Rietberg
Sulzbach
Wackersdorf
Wolfsburg

HUNGARY
Gyor
Mor

INDIA
Chenai
Dehli
Gujarat
Mumbai
Nashik

IRELAND
Naas

ITALY
Caivano
Cassino
Dronero
Grugliasco
Ipa
Melfi

Mondovi
Orbassano
Pesaro
Potenza
Pozzilli
Pozzo D'Adda
Protos
Termini Imerese

MEXICO
Cuautitlan
Fuentes
Hermosillo
Ipasa
Juarez
La Cuesta
Naucalpan
Puebla
Ramos Arizpe
Rio Bravo
Saltillo
San Lorenzo
Tlahuac
Toluca

POLAND
Myslowice
Tychy

PORTUGAL
Setubal

RUSSIA
Gaz

SCOTLAND
Washington

SINGAPORE
Singapore

SOUTH AFRICA
Brits
East London
Port Elizabeth

SPAIN
Epila
Logrono
Pamplona

SWEDEN
Arendal
Aviken
Bengtsfors
Dals Langed
Fargelanda
Gnosjo
Goteborg
Ljungby
Tanumshede
Tidaholm
Trollhattan

THAILAND
Bangkok
Khorat
Rayong

TURKEY
Bursa

UNITED STATES
Allen Park, MI
Arlington, TX
Atlanta, GA
Auburn Hills, MI
Bowling Green, OH
Bridgeton, MO
Carlisle, PA
Covington, VA
Dearborn, MI
Detroit, MI
Duncan, SC
El Paso, TX
Elsie, MI
Fenton, MI
Frankfort, IN
Fremont, OH
Grand Rapids, MI
Greencastle, IN
Greensboro, NC
Hammond, IN
Holland, MI
Huron, OH
Janesville, WI
Kansas City, MO

Lansing, MI
Lebanon, OH
Lebanon, VA
Lewistown, PA
Livonia, MI
Lordstown, OH
Louisville, KY
Madisonville, KY
Manteca, CA
Marlette, MI
Marshall, MI
Melvindale, MI
Mendon, MI
Midland, TX
Morristown, TN
New Castle, DE
Newark, DE
Plymouth, MI
Pontiac, MI
Rochester Hills, MI
Romulus, MI
Roscommon, MI
Sheboygan, WI
Sidney, OH
Southfield, MI
Strasburg, VA
Walker, MI
Warren, MI
Wentzville, MO
Winchester, VA

VENEZUELA
Valencia

ITEM 3 -- LEGAL PROCEEDINGS

We are involved in certain legal actions and claims arising in the ordinary course of business. We do not believe that any of the litigation in which Lear is currently engaged, either individually or in the aggregate, will have a material effect on our consolidated financial position or future results of operations.

We are subject to various laws, regulations and ordinances which govern activities, such as discharges into the air and water as well as handling and disposal practices for solid and hazardous wastes, and which impose costs and damages associated with spills, disposal or other releases of hazardous substances. We believe that Lear is in substantial compliance with such requirements. We do not believe that we will incur compliance costs pursuant to such requirements that would have a material adverse effect on our consolidated financial position or future results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Environmental Matters."

We have been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("Superfund"), for the cleanup of contamination from hazardous substances at one Superfund site where liability has not been substantially resolved. We believe that Lear is, or may be, responsible for less than one percent, if any, of the total costs at the Superfund site. We also have been identified as a potentially responsible party at three additional sites where liability has not been substantially resolved. Our expected liability, if any, at these additional sites is not material. We have set aside reserves which we believe are adequate to cover any such liabilities. We believe that such matters will not result in liabilities that will have a material adverse effect on our consolidated financial position or future results of operations.

ITEM 4 -- SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1998.

PART II

ITEM 5 -- MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Lear's Common Stock is listed on the New York Stock Exchange under the symbol "LEA." The Transfer Agent and Registrar for Lear's Common Stock is The Bank of New York, located in New York, New York. On March 3, 1999, there were 1,006 holders of record of Lear's Common Stock.

To date, we have never paid a cash dividend on our Common Stock. Any payment of dividends in the future is dependent upon the financial condition, capital requirements, earnings of the Company and other factors. Also, we are subject to restrictions on the payment of dividends contained in the Credit Agreement, the indentures governing Lear's Subordinated Notes and in certain other contractual obligations. See Note 9, "Long-Term Debt," of the notes to the consolidated financial statements included in this Report.

The following table sets forth the high and low sales prices per share of Common Stock, as reported by the New York Stock Exchange, for the periods indicated:

YEAR ENDED DECEMBER 31, 1998:	PRICE RANGE OF COMMON STOCK HIGH	LOW
4th Quarter	$43.75	$29.81
3rd Quarter	$57.25	$34.50
2nd Quarter	$57.75	$48.25
1st Quarter	$57.50	$46.25

YEAR ENDED DECEMBER 31, 1997:	PRICE RANGE OF COMMON STOCK HIGH	LOW
4th Quarter	$51.69	$44.94
3rd Quarter	$50.13	$42.00
2nd Quarter	$43.13	$33.25
1st Quarter	$39.88	$33.50

ITEM 6 -- SELECTED FINANCIAL DATA

The following income statement and balance sheet data were derived from our consolidated financial statements. Our consolidated financial statements for the years ended December 31, 1998, 1997, 1996, 1995, and 1994, have been audited by Arthur Andersen LLP. The selected financial data below should be read in conjunction with our consolidated financial statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Report.

	FOR THE YEAR ENDED DECEMBER 31,				
	1998(2)	1997	1996	1995	1994
	(DOLLARS IN MILLIONS(1))				
OPERATING DATA:					
Net sales	$9,059.4	$7,342.9	$6,249.1	$4,714.4	$3,147.5
Gross profit	861.4	809.4	619.7	403.1	263.6
Selling, general and administrative expenses	337.0	286.9	210.3	139.0	82.6
Restructuring and other charges	133.0	--	--	--	--
Amortization of goodwill	49.2	41.4	33.6	19.3	11.4
Operating income	342.2	481.1	375.8	244.8	169.6
Interest expense, net	110.5	101.0	102.8	75.5	46.7
Other expense, net(3)	22.3	28.8	19.6	12.0	8.1
Income before income taxes and extraordinary items	209.4	351.3	253.4	157.3	114.8
Income taxes	93.9	143.1	101.5	63.1	55.0
Income before extraordinary items	115.5	208.2	151.9	94.2	59.8
Extraordinary items(4)	--	1.0	--	2.6	--
Net income	$ 115.5	$ 207.2	$ 151.9	$ 91.6	$ 59.8
Diluted income per share before extraordinary items	$1.70	$3.05	$2.38	$1.79	$1.26
Diluted net income per share	$1.70	$3.04	$2.38	$1.74	$1.26
Actual shares outstanding	66,684,084	66,861,958	65,575,899	56,243,311	46,078,048
Weighted average shares outstanding(5)	68,023,375	68,248,083	63,761,634	52,488,938	47,438,477
BALANCE SHEET DATA:					
Current assets	$2,198.0	$1,614.9	$1,347.4	$1,207.2	$ 818.3
Total assets	5,677.3	4,459.1	3,816.8	3,061.3	1,715.1
Current Liabilities	2,497.5	1,854.0	1,499.3	1,276.0	981.2
Long-term debt	1,463.4	1,063.1	1,054.8	1.038.0	418.7
Stockholders' Equity	1,300.0	1,207.0	1,018.7	580.0	213.6
Total capitalization	2,832.6	2,304.2	2,066.1	1,610.7	686.3
OTHER DATA:					
EBITDA(6)	$ 561.9	$ 665.5	$ 518.1	$ 336.8	$ 225.7
Capital expenditures	$ 351.4	$ 187.9	$ 153.8	$ 110.7	$ 103.1
Net debt to total capitalization	54.1%	47.6%	50.7%	64.0%	68.9%
Employees at year end	65,316	51,025	43,902	35,557	24,749
Number of facilities(7)	206	179	148	107	79
North American content per vehicle(8)	$ 369	$ 320	$ 292	$ 227	$ 169
Western Europe content per vehicle(9)	$ 176	$ 123	$ 109	$ 92	$ 44

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(1) Except per share data, weighted average shares outstanding, number of facilities, North American content per vehicle, North American vehicle production, Western Europe content per vehicle and Western Europe vehicle production.

(2) Results include the effect of the $133 million restructuring and other charges ($92.5 million or $1.36 per diluted share, after tax).

(3) Consists of foreign currency exchange gain or loss, minority interests in consolidated subsidiaries, equity in net income of affiliates, state and local taxes and other expense.

(4) The extraordinary items resulted from the prepayment of debt.

(5) Weighted average shares outstanding is calculated on a diluted basis.

(6) "EBITDA" is operating income plus depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or cash flows from operations as determined by generally accepted accounting principles.

(7) Includes facilities operated by the Company's less than majority-owned affiliates and facilities under construction.

(8) "North American content per vehicle" is the Company's net sales in North America divided by total North American vehicle production.

(9) "Western Europe content per vehicle" is the Company's net sales in Western Europe divided by total Western Europe vehicle production.

ITEM 7 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Our sales have grown rapidly from $2.0 billion in the year ended December 31, 1993 to $9.1 billion in the year ended December 31, 1998. One major source of this growth has been the implementation of a strategic acquisition plan to capitalize on the outsourcing and supplier consolidation trends in the automotive industry. As a result of this plan, we have completed twelve acquisitions that have contributed to sales growth of more than 350% over this five-year period. Also, in part due to these acquisitions, in the fourth quarter of 1998, we developed and began to implement a global restructuring plan. The primary purposes of this restructuring plan were to lower our cost structure and improve our long-term competitive position.

As a result of this restructuring plan, we recorded pre-tax charges of $133 million, or $1.37 per share, in the fourth quarter of 1998. The significant activities that resulted in the charges were as follows:

Consolidation of European Operations. We have developed plans to take advantage of opportunities to achieve synergies in and consolidate activities of our European operations. As part of these plans, fifteen of our manufacturing facilities will be closed, and the operations that were being performed within these facilities will be moved to other European locations. The types of costs which comprise the restructuring and other charges include severance costs, lease cancellation charges, fixed asset write-downs and government grant repayments.

Consolidation of North and South American Operations. We have implemented a plan to consolidate certain manufacturing and administrative functions in North and South America. As of December 31, 1998, we had notified approximately 1,100 employees that their positions were being eliminated and had also presented these employees with the severance package that they will receive.

Evaluation of Long-Lived Assets. We have reevaluated the carrying value of our long-lived assets as a result of changes in the economic condition of certain countries in which we operate and the consolidation of certain of our operations in North and South America. We determined that the carrying values of these assets were impaired because the separately identifiable, anticipated, undiscounted future cash flows from such assets were less than their respective carrying values. The resulting charges represent the excess of the carrying values of such assets over future discounted cash flows.

For more details relating to the $133 million restructuring and other charges, see Note 3 to our Consolidated Financial Statements. We have excluded the impact of the restructuring and other charges from the following management's discussion and analysis, unless otherwise noted. We believe that the results of operations before these charges are the most meaningful representation of our performance for the periods presented.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 1998 COMPARED WITH YEAR ENDED DECEMBER 31, 1997

For the seventeenth consecutive year, we achieved record sales. Net sales in the year ended December 31, 1998 were $9.1 billion, exceeding 1997 net sales by $1.7 billion, or 23.4%. Net sales in the current year benefited from acquisitions, which collectively accounted for $1.2 billion of the increase, and a combination of new business and product content increases in North America and Europe. Partially offsetting this increase in sales were unfavorable exchange rate fluctuations in North America, Europe and South America and the adverse impact of the General Motors work stoppage in North America.

Gross profit and gross margin were $861 million and 9.5% in 1998 as compared to $809 million and 11.0% in 1997. Gross profit in the current year reflects the contribution of acquisitions, new sport utility and truck programs in North America and established seat programs in Germany and Italy. The General Motors work stoppage in North America, new program and facility costs in Europe and the Asia/Pacific Rim region and economic conditions in South America partially offset the increase in gross profit and resulted in a lower gross margin.

Selling, general and administrative expenses, including research and development, as a percentage of net sales decreased to 3.7% in the year ended December 31, 1998 as compared to 3.9% in the previous year. The increase in actual expenditures in comparison to 1997 was due to the inclusion of operating expenses incurred as a result of acquisitions as well as research, development and administrative expenses necessary to support established and potential business opportunities.

Including the $133 million restructuring and other charges, operating income and operating margin were $342 million and 3.8% in the year ended December 31, 1998 as compared to $481 million and 6.6% in the year ended December 31, 1997. Excluding the $133 million restructuring and other charges, operating income and operating margin in the current year were $475 million and 5.2%. Operating income in the current year reflects the contribution of acquisitions and new programs. Offsetting the increase in operating income were the the General Motors work stoppage, reduced market demand for certain mature programs and increased engineering and administrative support expenses associated with the expansion of domestic and international business. The decrease in operating margin is due to the dilutive impact of acquisitions and new program and facility costs in Europe and the Asia/Pacific Rim region. Non-cash depreciation and amortization charges were $220 million and $184 million for the years ended December 31, 1998 and 1997, respectively.

Interest expense in 1998 increased by $10 million over 1997 to $111 million. Interest incurred to finance 1998 acquisitions was partially offset by savings from the redemption of our 11 1/4% senior subordinated notes in July 1997. We also benefited from reduced interest rates in the United States and in Europe, as higher rate European currencies converged into the lower rate eurodollar.

Other expenses, which include state and local taxes, foreign currency exchange, minority interests in consolidated subsidiaries, equity in net income of affiliates and other non-operating expenses, decreased to $22 million in 1998, as compared to $29 million in 1997, as the benefit of reduced state and local taxes more than offset increased minority interest expense in consolidated subsidiaries at our South African operations.

Including the $133 million restructuring and other charges, net income for the year ended December 31, 1998 was $115 million, or $1.70 per share, as compared to $207 million, or $3.04 per share, for the year ended December 31, 1997. Excluding the restructuring and other charges, net income in the current year was $208 million, or $3.06 per share. In 1998, the General Motors work stoppage also reduced our earnings. Without the restructuring and other charges, the provision for income taxes in 1998 was $134 million, an effective tax rate of 39.3%, as compared to $143 million, an effective tax rate of 40.7%, in the previous year.

YEAR ENDED DECEMBER 31, 1997 COMPARED WITH YEAR ENDED DECEMBER 31, 1996

We achieved record sales in 1997 for the sixteenth consecutive year. Net sales of $7.3 billion in the year ended December 31, 1997 exceeded 1996 net sales by $1.1 billion, or 17.5%. Net sales in 1997 benefited from acquisitions, which collectively accounted for $.8 billion of the increase, new business introduced in North America, South America and Europe and incremental volume and content increases on established programs. $.2 billion of unfavorable foreign currency exchange partially offset this increase in sales.

Gross profit and gross margin improved to $809 million and 11.0% in 1997 as compared to $620 million and 9.9% in 1996. Gross profit in 1997 reflects the contribution of acquisitions and the overall growth in industry build schedules on passenger car and truck programs by domestic and foreign automotive manufacturers.

Selling, general and administrative expenses, including research and development, as a percentage of net sales increased to 3.9% in 1997 as compared to 3.4% in the previous year. Actual expenditures in 1997 increased in comparison to the prior year due to the integration of engineering and administrative expenses incurred as a result of acquisitions and increased North American, European and Asia/Pacific Rim research, development and administrative expenses required to support existing and potential business opportunities.

Operating income and operating margin were $481 million and 6.6% in the year ended December 31, 1997 as compared to $376 million and 6.0% in the year ended December 31, 1996. In 1997, operating income benefited from increased revenue from domestic and foreign automotive manufacturers on new and existing car and light truck programs coupled with the benefits derived from acquisitions. Partially offsetting the

increase in operating income were engineering and administrative support expenses associated with the expansion of domestic and international business. Non-cash depreciation and amortization charges were $184 million and $142 million for the years ended December 31, 1997 and 1996, respectively.

For the year ended December 31, 1997, interest expense decreased in comparison to prior year primarily as a result of savings generated from the redemption of our 11 1/4% senior subordinated notes in July 1997, reduced interest rates in certain currencies and the improvement of our interest coverage ratio, which triggered a reduction in the borrowing rate under our senior revolving credit facility. Partially offsetting the above was interest incurred on borrowings to finance acquisitions.

Other expenses, which include state and local taxes, foreign currency exchange, minority interests in consolidated subsidiaries, equity in net income of affiliates and other non-operating expenses, increased to $29 million in 1997 from $20 million in 1996 due to foreign currency exchange losses at our North American and Asia/Pacific Rim operations and to an increase in the provision for state and local taxes, which were partially offset by higher equity in net income of affiliates.

Net income for the year ended December 31, 1997 was $207 million, or $3.04 per share, as compared to $152 million, or $2.38 per share, for the year ended December 31, 1996. The increase in net income was primarily due to increased sales from new and existing car and light truck programs and acquisitions. The provision for income taxes in 1997 was $143 million, an effective tax rate of 40.7%, as compared to $102 million, an effective tax rate of 40.1%, in the previous year. The increase in rate is largely the result of the increase in goodwill amortization in addition to changes in operating performance and related income levels among the various tax jurisdictions. Diluted net income per share increased in 1997 by 27.7% despite an increase in the diluted shares outstanding of approximately 4.5 million shares.

LIQUIDITY AND FINANCIAL CONDITION

Cash Flow

Cash flows from operating activities were strong in 1998, notwithstanding the effect of the General Motors work stoppage. Net income, excluding the restructuring and other charges, increased slightly to $208 million. Operating activities generated $285 million of cash flow in 1998 and $449 million in 1997. Non-cash depreciation and goodwill amortization charges of $220 million in 1998 were partially offset by recoverable customer engineering and tooling required to support new programs and acquisitions.

The net change in working capital declined from a source of $100 million in 1997 to a source of $62 million in 1998 due primarily to increased accounts receivable and inventory associated with the 23% increase in sales activity. Inventory turns improved in 1998, while accounts receivable sales days and materials days outstanding remained consistent with the prior year.

Net cash used in investing activities increased from $520 million in 1997 to $678 million in 1998, primarily due to investments in property, plant and equipment. Capital expenditures increased from $188 million in 1997 to $351 million in 1998 as a result of new programs, on-going capital programs at acquired companies, information systems and the expansion of facilities worldwide to accommodate new and existing interior system programs. We currently anticipate capital expenditures for 1999 of approximately $300 million.

Capitalization

In May 1998, we entered into an amendment to our senior revolving credit facility (the "Credit Agreement"), which increased total borrowing availability from $1.8 billion to $2.1 billion and eliminated the pledge of subsidiary stock that secured the facility. As of December 31, 1998, we had $970 million outstanding under the Credit Agreement and $60 million committed under outstanding letters of credit, resulting in approximately $1.1 billion unused and available credit. The Credit Agreement matures on September 30, 2001 and may be used for general corporate purposes.

Aggregate financing of $328 million for the Chapman, Pianfei, Strapazzini and Delphi Seating acquisitions was provided by borrowings under the Credit Agreement. This acquisition activity significantly contributed to our increase in total net debt to total capitalization from 47.6% at December 31, 1997 to 54.1% at December 31, 1998.

In addition to debt outstanding under the Credit Agreement, we had $592 million of debt outstanding as of December 31, 1998, consisting primarily of $336 million of subordinated notes due between 2002 and 2006.

In December 1997, we filed a $400 million universal shelf registration statement, under which a variety of senior and subordinated debt instruments can be issued. The registration statement was declared effective in January 1998 by the Securities and Exchange Commission and improves our flexibility to issue debt securities to finance the replacement of existing subordinated notes, to reduce borrowings under the Credit Agreement, to fund acquisitions or for general corporate purposes.

On February 10, 1999, Moody's Investors Service ("Moody's") upgraded its ratings for our $400 million shelf registration to (P)Baa3 for senior notes, (P)Ba1 for senior subordinated notes and (P)Ba2 for subordinated notes and upgraded to Ba2 our outstanding 8 1/4% and 9 1/2% subordinated notes. At the same time, Moody's confirmed the investment grade credit rating of Baa3 for our Credit Agreement. Standard and Poor's Corporation has maintained its BBB- investment grade corporate credit rating and its BB+ subordinated note rating for our debt.

In September 1998, we purchased 500,000 shares of our outstanding common stock at an average purchase price of $36.50 per share. On July 15, 1997, we redeemed $125 million in aggregate principal amount of our 11 1/4% senior subordinated notes due 2000 at par with borrowings under the Credit Agreement.

We believe that cash flows from operations and available credit facilities will be sufficient to meet our anticipated debt service obligations, projected capital expenditures and working capital requirements.

Market Risk Sensitivity

In the normal course of business, we are exposed to market risk associated with fluctuations in foreign exchange rates and interest rates. We conservatively manage these risks through the use of derivative financial instruments in accordance with management's guidelines.

We enter into all hedging transactions for periods consistent with the underlying exposures. We do not enter into derivative instruments for trading purposes.

Foreign Exchange. We enter into foreign currency forward contracts and foreign currency option contracts to protect ourselves from adverse currency rate fluctuations on foreign currency commitments. These commitments are generally for terms of less than one year. The foreign currency contracts are executed with banks that we believe are creditworthy and are denominated in currencies of major industrialized countries. The gains and losses relating to the foreign currency forward and option contracts are deferred and included in the measurement of the foreign currency transaction subject to the hedge. We believe that any gain or loss incurred on foreign currency forward contracts is offset by the direct effects of currency movements on the underlying transactions.

We have performed a quantitative analysis of our overall currency rate exposure at December 31, 1998. Based on this analysis, a 10% change in currency rates would not have a material effect on our earnings.

Interest Rates. We use a combination of fixed rate debt and interest rate swaps to manage our exposure to interest rate movements. Our exposure as a result of variable interest rates relates primarily to outstanding floating rate debt instruments that are indexed to U.S. or European Monetary Union short-term money market rates. We use interest rate swap agreements to convert variable rate debt to fixed rate debt. Net interest payments or receipts from interest rate swaps are recorded as adjustments to interest expense in our consolidated statements of income on an accrual basis.

We have performed a quantitative analysis of our overall interest rate exposure at December 31, 1998. Based on this analysis, a 10% change in the average cost of our variable rate debt would not have a material effect on our earnings.

Additional information relating to our outstanding financial instruments is included in Notes 9 (Long-Term Debt) and 15 (Financial Instruments) to our Consolidated Financial Statements.

Subsequent Event

On March 16, 1999, the Company entered into a definitive purchase agreement to acquire UT Automotive, Inc., a wholly-owned subsidiary of United Technologies Corporation, for $2.3 billion. UT Automotive is a leading supplier of electrical, electronic, motor, and interior products and systems to the global automotive industry. Headquartered in Dearborn, Michigan, UT Automotive has annual sales of approximately $3 billion, 44,000 employees and 90 facilities located in 18 countries. In connection with the pending UT Automotive acquisition, the Company has obtained a commitment from The Chase Manhattan Bank to provide the additional financing required to fund the acquisition. Consummation of the acquisition is contingent upon expiration or termination of any applicable waiting periods under the federal Hart-Scott-Rodino Antitrust Improvements Act.

OTHER MATTERS

Environmental Matters

We are subject to local, state, federal and foreign laws, regulations and ordinances, which govern activities or operations that may have adverse environmental effects and which impose liability for the costs of cleaning up certain damages resulting from past spills, disposal or other releases of hazardous substances. Our policy is to comply with all applicable environmental laws and maintain procedures to ensure compliance. However, we have been, and in the future may become, the subject of formal or informal enforcement actions or procedures. We currently are engaged in the cleanup of hazardous substances at certain sites owned, leased or operated by us, including soil and groundwater cleanup at our facility in Mendon, Michigan. We believe that we will not incur compliance costs or cleanup costs at our facilities with known contamination that would have a material adverse effect on our consolidated financial position or future results of operations.

We have been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("Superfund"), for the cleanup of contamination from hazardous substances at one Superfund site where liability has not been completely determined. We also have been identified as a potentially responsible party at three additional sites. We believe that we are, or may be, responsible for less than one percent, if any, of the total costs at the Superfund site. Expected liability, if any, at the three additional sites is not material.

Inflation and Accounting Policies

Our contracts with our major customers generally provide for an annual productivity price reduction and provide for the recovery of increases in material and labor costs in some instances. Cost reductions through design changes, increased productivity and similar programs with our suppliers generally have offset changes in selling prices. Our cost structure is comprised of a high percentage of variable costs. We believe that this structure provides us with additional flexibility during economic cycles.

During 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 1999. It requires all derivative instruments to be recorded in the balance sheet at their fair value. Changes in the fair value of derivative instruments are required to be recorded each period in current earnings or accumulated other comprehensive income, depending on whether the derivative instruments are designated as part of a hedge transaction. We do not expect the effects of adoption to be significant.

Year 2000

We are currently working to resolve the potential impact of the year 2000 ("Y2K") on the processing of time-sensitive information by our computerized information systems. Any of our programs that have time-

sensitive software may recognize the year "00" as 1900 rather than as 2000. This could result in miscalculations, classification errors or system failures.

State of Readiness. In 1996, we began a Y2K program to assess the impact of Y2K issues on the software and hardware used in our operations. We have identified various areas to focus our Y2K compliance efforts. These areas include business computer systems, manufacturing and warehousing systems, end-user computing, technical infrastructure and environmental systems, research and development facilities and supplier and service provider systems. Our Y2K program phases include assessment and planning, remediation, testing and implementation.

For business, manufacturing and end-user systems, we are in the process of remediation. We are utilizing internal personnel as well as third-party services to assist in our efforts. At many sites, particularly in Europe, we are implementing new Y2K compliant systems. We have corrected, or are in the process of correcting, Y2K issues at many other sites. We also are reviewing our technical infrastructure and environmental systems and R&D facilities on a site-by-site basis, many times with the aid of equipment manufacturers. Most of the systems used in these areas are new and Y2K compliant. Others will be replaced as part of our ongoing site upgrade program. Among our supplier base, we are monitoring the progress of each of our key suppliers with questionnaires and site reviews, where appropriate, along with the aid of industry information. We will make a determination of the appropriate level of dependence among our supplier base.

Y2K Costs. Based on current estimates, we do not expect costs of addressing the Y2K issue to have a material adverse effect on our financial position, results of operations or cash flows in future periods. We currently estimate that our historical and future costs will be $10 to $20 million for Y2K compliance. This includes $5 to $10 million directly attributable to correcting non-compliant systems and another $5 to $10 million for ongoing system improvements which will be Y2K compliant. We will have incurred these costs over the period from mid-1996 through the end of 1999. Although we have not specifically identified Y2K remediation costs in the past, we estimate our Y2K expenditures incurred through December 31, 1998 have been approximately $4 million. Y2K projects have not materially deferred our implementation of other information technology projects.

Y2K Risks. Our reasonable worst-case scenario with respect to the Y2K issue is the failure of a key system that causes shipments of our products to customers to be temporarily interrupted. This could result in our missing build schedules with our customers, which in turn could lead to lost sales and profits for us and our customers. We have been given a "low" risk assessment for Y2K non-compliance by domestic automobile manufacturers, who collectively represented over 60% of our 1998 sales.

Contingency Plans. As a part of our Y2K strategy, contingency plans are being developed site-by-site, and any systems requiring remediation will have one or more contingency plans. All plans will be documented and will be executed accordingly, if necessary. In addition, supplier site audits are to be performed in 1999.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that any forward-looking statements, including statements regarding our intent, belief or current expectations, are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those in forward-looking statements as a result of various factors including, but not limited to:

- general economic conditions in the markets in which we operate,
- fluctuation in worldwide or regional automobile and light truck production,
- labor disputes involving us or our significant customers,
- changes in practices and/or policies of our significant customers toward outsourcing automotive components and systems,
- fluctuations in currency exchange rates and
- other risks detailed from time to time in our Securities and Exchange Commission filings.

We do not intend to update these forward-looking statements.

ITEM 8 -- CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Lear Corporation:

We have audited the accompanying consolidated balance sheets of LEAR CORPORATION AND SUBSIDIARIES ("the Company") as of December 31, 1998 and 1997, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

/S/ ARTHUR ANDERSEN LLP

Detroit, Michigan,
January 29, 1999 (except with respect to the matter discussed in Note 17, as to which the date is March 16, 1999).

CONSOLIDATED BALANCE SHEETS

LEAR CORPORATION AND SUBSIDIARIES

	DECEMBER 31,	
	1998	1997
	(IN MILLIONS, EXCEPT SHARE DATA)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 30.0	$ 12.9
Accounts receivable, net of reserves of $16.0 in 1998 and $14.7 in 1997	1,373.9	1,065.8
Inventories	349.6	231.4
Recoverable customer engineering and tooling	221.4	152.6
Other	223.1	152.2
Total current assets	2,198.0	1,614.9
LONG-TERM ASSETS:		
Property, plant and equipment, net	1,182.3	939.1
Goodwill, net	2,019.8	1,692.3
Other	277.2	212.8
Total long-term assets	3,479.3	2,844.2
	$5,677.3	$4,459.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 82.7	$ 37.9
Accounts payable and drafts	1,600.8	1,186.5
Accrued liabilities	797.5	620.5
Current portion of long-term debt	16.5	9.1
Total current liabilities	2,497.5	1,854.0
LONG-TERM LIABILITIES:		
Deferred national income taxes	39.0	61.7
Long-term debt	1,463.4	1,063.1
Other	377.4	273.3
Total long-term liabilities	1,879.8	1,398.1
STOCKHOLDERS' EQUITY:		
Common Stock, par value $.01 per share, 150,000,000 shares authorized and 67,194,314 and 66,872,188 shares issued at December 31,1998 and 1997, respectively	.7	.7
Additional paid-in capital	859.3	851.9
Notes receivable from sale of common stock	(.1)	(.1)
Common stock held in treasury, 510,230 and 10,230 shares at December 31, 1998 and 1997, respectively, at cost	(18.3)	(.1)
Retained earnings	504.7	401.3
Accumulated other comprehensive income	(46.3)	(46.7)
Total stockholders' equity	1,300.0	1,207.0
	$5,677.3	$4,459.1

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS OF INCOME

LEAR CORPORATION AND SUBSIDIARIES

	FOR THE YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(IN MILLION, EXCEPT PER SHARE DATA)		
Net sales	$9,059.4	$7,342.9	$6,249.1
Cost of sales	8,198.0	6,533.5	5,629.4
Selling, general and administrative expenses	337.0	286.9	210.3
Restructuring and other charges	133.0	--	--
Amortization of goodwill	49.2	41.4	33.6
Operating income	342.2	481.1	375.8
Interest expense	110.5	101.0	102.8
Other expense, net	16.9	34.3	19.6
Income before provision for national income taxes, minority interests in consolidated subsidiaries, equity in net income of affiliates and extraordinary item	214.8	345.8	253.4
Provision for national income taxes	93.9	143.1	101.5
Minority interests in consolidated subsidiaries	6.9	3.3	4.0
Equity in net income of affiliates	(1.5)	(8.8)	(4.0)
Income before extraordinary item	115.5	208.2	151.9
Extraordinary loss on early extinguishment of debt	--	--	(1.0)
Net income	$ 115.5	$ 207.2	$ 151.9
Basic net income per share:			
Income before extraordinary item	$1.73	$3.14	$2.51
Extraordinary loss	--	(.01)	--
Basic net income per share	$1.73	$3.13	$2.51
Diluted net income per share:			
Income before extraordinary item	$1.70	$3.05	$2.38
Extraordinary loss	--	(.01)	--
Diluted net income per share	$1.70	$3.04	$2.38

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

LEAR CORPORATION AND SUBSIDIARIES

	DECEMBER 31,		
	1998	1997	1996
	(IN MILLIONS, EXCEPT SHARE DATA)		
COMMON STOCK			
Balance at beginning of period	$ .7	$ .7	$ .6
Sale of common stock (Note 5)	--	--	.1
Balance at end of period	$ .7	$ .7	$ .7
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period	$ 851.9	$ 834.5	$ 559.1
Sale of common stock (Note 5)	--	--	242.7
Stock options exercised	3.4	8.4	6.7
Stock options cancelled	--	(5.8)	--
Tax benefit of stock options exercised	4.0	14.8	17.0
Conversion of Masland stock options	--	--	9.0
Balance at end of period	$ 859.3	$ 851.9	$ 834.5
NOTES RECEIVABLE FROM SALE OF COMMON STOCK			
Balance at beginning of period	$ (.1)	$ (.6)	$ (.9)
Repayment of stockholders' notes receivable	--	.5	.3
Balance at end of period	$ (.1)	$ (.1)	$ (.6)
TREASURY STOCK			
Balance at beginning of period	$ (.1)	$ (.1)	$ (.1)
Purchases, 500,000 shares at an average price of $36.50 per share	(18.2)	--	--
Balance at end of period	$ (18.3)	$ (.1)	$ (.1)
RETAINED EARNINGS			
Balance at beginning of period	$ 401.3	$ 194.1	$ 42.2
Net income	115.5	207.2	151.9
Net loss from change in consolidation policy (Note 1)	(12.1)	--	--
Balance at end of period	$ 504.7	$ 401.3	$ 194.1
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Minimum Pension Liability			
Balance at beginning of period	$ (.5)	$ (1.0)	$ (3.5)
Minimum pension liability adjustment	(11.3)	.5	2.5
Balance at end of period	$ (11.8)	$ (.5)	$ (1.0)
CUMULATIVE TRANSLATION ADJUSTMENTS			
Balance at beginning of period	$ (46.2)	$ (8.9)	$ (17.4)
Cumulative translation adjustments	11.7	(37.3)	8.5
Balance at end of period	$ (34.5)	$ (46.2)	$ (8.9)
Accumulated other comprehensive income	$ (46.3)	$ (46.7)	$ (9.9)
TOTAL STOCKHOLDERS' EQUITY	$1,300.0	$1,207.0	$1,018.7
COMPREHENSIVE INCOME			
Net income	$ 115.5	$ 207.2	$ 151.9
Net loss from change in consolidation policy, including tax of $1.2 (Note 1)	(12.1)	--	--
Minimum pension liability adjustment, net of tax of $6.1, $(.2) and $(1.3) in 1998, 1997 and 1996, respectively	(11.3)	.5	2.5
Cumulative translation adjustments	11.7	(37.3)	8.5
Comprehensive income	$ 103.8	$ 170.4	$ 162.9

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

LEAR CORPORATION AND SUBSIDIARIES

	FOR THE YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(IN MILLIONS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 115.5	$ 207.2	$ 151.9
Adjustments to reconcile net income to net cash provided by operating activities --			
Depreciation and amortization of goodwill	219.7	184.4	142.3
Postretirement benefits accrued, net	15.3	8.5	6.9
Loss on long-lived assets	33.2	--	--
Net loss from change in consolidation policy (Note 1)	(12.1)	--	--
Recoverable customer engineering and tooling, net	(119.1)	(48.4)	(35.3)
Extraordinary loss	--	1.0	--
Other, net	(28.9)	(3.7)	(19.1)
Net change in working capital items	61.8	100.4	215.9
Net cash provided by operating activities	285.4	449.4	462.6
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(351.4)	(187.9)	(153.8)
Acquisitions	(328.2)	(332.2)	(529.0)
Other, net	1.8	.4	1.1
Net cash used in investing activities	(677.8)	(519.7)	(681.7)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-term revolving credit borrowings, net (Note 9)	317.0	136.9	(211.3)
Other long-term debt borrowings, net	58.3	(133.0)	203.6
Short-term borrowings, net	43.2	24.2	(7.5)
Proceeds from sale of common stock, net	3.4	8.4	249.5
Purchase of treasury stock, net	(18.2)	--	--
Increase (decrease) in drafts	(19.9)	2.2	(29.5)
Other, net	--	.3	(3.2)
Net cash provided by financing activities	383.8	39.0	201.6
Effect of foreign currency translation	25.7	18.2	9.4
NET CHANGE IN CASH AND CASH EQUIVALENTS	17.1	(13.1)	(8.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12.9	26.0	34.1
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 30.0	$ 12.9	$ 26.0
CHANGES IN WORKING CAPITAL, NET OF EFFECTS OF ACQUISITIONS:			
Accounts receivable, net	$(218.6)	$ (72.7)	$ 42.5
Inventories	(59.9)	(10.3)	30.9
Accounts payable	322.1	150.4	52.7
Accrued liabilities and other	18.2	33.0	89.8
Net change in working capital items	$ 61.8	$ 100.4	$ 215.9
SUPPLEMENTARY DISCLOSURE:			
Cash paid for interest	$109.0	$109.3	$97.0
Cash paid for income taxes	$119.9	$ 91.9	$74.3

The accompanying notes are an integral part of these consolidated statements.

LEAR CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Lear Corporation, a Delaware corporation ("Lear"), and its wholly-owned and majority-owned subsidiaries (collectively, the "Company"). Investments in less than majority-owned businesses are generally accounted for under the equity method (Note 7).

The Company and its affiliates are involved in the design and manufacture of interior systems and components for automobiles and light trucks. The Company's main customers are automotive original equipment manufacturers. The Company operates facilities worldwide (Note 14). Effective December 31, 1998, certain international operating facilities, which had previously been included in the consolidated financial statements based on fiscal years ending November 30, are now included in the consolidated financial statements based on fiscal years ending December 31. Net sales at these international facilities for December 1998 were $339.9 million, and the December 1998 net loss from these international facilities was charged to retained earnings.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs. Inventories are comprised of the following (in millions):

	DECEMBER 31,	
	1998	1997
Raw materials	$253.9	$165.7
Work-in-process	23.8	22.5
Finished goods	71.9	43.2
Inventories	$349.6	$231.4

Recoverable Customer Engineering and Tooling

Costs incurred for certain engineering and tooling projects for which the Company will receive customer recovery are capitalized and classified as either recoverable customer engineering and tooling or other long-term assets, dependent upon when recovery is anticipated. Provisions for losses are provided at the time the Company anticipates engineering and tooling costs will exceed anticipated customer recovery.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciable property is depreciated over the estimated useful lives of the assets, using principally the straight-line method as follows:

Buildings and improvements	20 to 25 years
Machinery and equipment	5 to 15 years

A summary of property, plant and equipment is shown below (in millions):

	DECEMBER 31,	
	1998	1997
Land	$ 70.6	$ 60.5
Buildings and improvements	429.6	345.9
Machinery and equipment	1,197.8	919.4
Construction in progress	78.4	54.8
Total property, plant and equipment	1,776.4	1,380.6
Less -- accumulated depreciation	(594.1)	(441.5)
Net property, plant and equipment	$1,182.3	$ 939.1

Goodwill

Goodwill is amortized on a straight-line basis over 40 years. Accumulated amortization of goodwill amounted to $206.3 million and $156.9 million at December 31, 1998 and 1997, respectively.

Long Term Assets

The Company complies with Statement of Financial Accounting Standards ("SFAS") No. 121, "Recognition of Impairment of Long-Lived Assets." In accordance with this statement, the Company reevaluates the carrying values of its long-term assets whenever circumstances arise which call into question the recoverability of such carrying values. The evaluation takes into account all future estimated cash flows from the use of assets, with an impairment being recognized if the evaluation indicates that the future cash flows will not be greater than the carrying value. An impairment charge of $33.2 million was recognized in 1998 in connection with the restructuring (Note 3).

Research and Development

Costs incurred in connection with the development of new products and manufacturing methods to the extent not recoverable from the Company's customers are charged to selling, general and administrative expenses as incurred. These costs amounted to $116.6 million, $90.4 million and $70.0 million for the years ended December 31, 1998, 1997 and 1996, respectively.

Foreign Currency Translation

With the exception of foreign subsidiaries operating in highly inflationary economies, which are measured in U.S. dollars, assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the exchange rates in effect at the end of the period. Revenues and expenses of foreign subsidiaries are translated using an average of exchange rates in effect during the period. Translation adjustments that arise from translating a foreign subsidiary's financial statements from the functional currency to U.S. dollars are reflected in accumulated other comprehensive income in the consolidated balance sheets.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, except those transactions which operate as a hedge of a foreign currency investment position, are included in the results of operations as incurred.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of

assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Generally, assets and liabilities subject to estimation and judgment include amounts related to unsettled pricing discussions with customers and suppliers, pension and other postretirement costs (Note 11), plant consolidation and reorganization reserves (Note 3), self-insurance accruals, asset valuation reserves and accruals related to litigation and environmental remediation costs. Management does not believe that the ultimate settlement of any such assets or liabilities will materially affect the Company's financial position or future results of operations.

Net Income Per Share

Basic net income per share is computed using the weighted average common shares outstanding during the period. Diluted net income per share is computed using the average share price during the period when calculating the dilutive effect of stock options. Shares outstanding were as follows:

	FOR THE YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Weighted average common shares outstanding	66,947,135	66,304,770	60,485,696
Dilutive effect of stock options	1,076,240	1,943,313	3,275,938
Diluted shares outstanding	68,023,375	68,248,083	63,761,634

Comprehensive Income

During 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income," which establishes standards for the reporting and display of comprehensive income. Comprehensive income is defined as all changes in a Company's net assets except changes resulting from transactions with shareholders. It differs from net income in that certain items currently recorded to equity are included in comprehensive income. Prior years have been restated to conform to the requirements of SFAS No. 130.

Reclassifications

Certain items in prior years' financial statements have been reclassified to conform with the presentation used in the year ended December 31, 1998.

(3) RESTRUCTURING AND OTHER CHARGES

In the fourth quarter of 1998, the Company began to implement a restructuring plan designed to lower its cost structure and improve the long-term competitive position of the Company. As a result of this restructuring plan, the Company recorded pre-tax charges of $133.0 million, consisting of $110.5 million of restructuring charges and $22.5 million of other charges. Included in this total are the costs to consolidate the Company's European operations of $78.9 million, charges resulting from the consolidation of certain manufacturing and administrative operations in North and South America of $31.6 million, other asset impairment charges of $15.0 million and contract termination fees and other of $7.5 million.

The majority of the European countries in which the Company operates have statutory requirements with regards to the minimum severance payments that must be made to employees upon termination. The Company has accrued $37.7 million of severance costs for approximately 210 salaried and 1,040 hourly employees under SFAS No. 112, "Employers' Accounting for Postemployment Benefits," at December 31, 1998, as the Company anticipates this is the minimum aggregate severance payments that will be made in accordance with these statutory requirements. The Company has also accrued $5.5 million for separation pay for approximately 450 employees at European locations where the individuals have been notified of their planned termination. The European consolidation has also resulted in lease cancellation costs with a net

present value of $22.1 million and asset impairment charges of $11.7 million. The amount of asset impairment represents the excess of the carrying value of the abandoned assets over their respective net realizable value less disposal costs. Other costs incurred to consolidate these facilities amount to $1.9 million, consisting mainly of government grant repayments. The Company anticipates incurring the majority of these costs in 1999 with the exception of the lease cancellation costs, for which payments extend out for up to 9 years.

In addition, the Company is eliminating two manufacturing facilities in North America and one in South America. Management feels that these consolidations better position the Company in terms of capacity, location and utilization in the future. The charge consists of severance of $5.2 million for approximately 250 employees notified prior to December 31, 1998, a $6.5 million write-down of assets to their net realizable value less disposal costs, lease cancellation costs of $4.5 million and other costs to close the facilities of $.4 million. The write-down of fixed assets has been recorded in 1998, while the payments related to the other costs are anticipated to take place in 1999. Lear also implemented a plan to consolidate certain administrative functions and to reduce the U.S. salaried workforce. As of December 31, 1998, approximately 850 salaried employees were notified that their positions were being eliminated and were presented with the severance packages that they will receive upon their departure from the Company. As a result, the Company recorded a charge of $15.0 million to cover severance pay and benefits offered to these employees, $5.1 million of which had been paid as of December 31, 1998.

The Company has reevaluated the carrying value of its long-lived assets as a result of changes in the economic condition of certain countries in which the Company operates and the consolidation of specific operations in North and South America. The carrying values of these assets were determined to be impaired as the separately identifiable, anticipated, undiscounted future cash flows from such assets were less than their respective carrying values. The resulting charge of $15.0 million represents the excess of the carrying values of such assets over future discounted cash flows.

The costs of contract terminations and other are comprised primarily of a contract termination penalty related to a sales representation contract. The following table summarizes the restructuring and other charges (in millions):

	ORIGINAL ACCRUAL	UTILIZED		BALANCE AT DECEMBER 31, 1998
		CASH	NONCASH	
European Operations Consolidation.....	$ 78.9	$3.4	$11.7	$63.8
North and South America Operations Consolidation.....	31.6	5.1	6.5	20.0
Write-Down of Long-Lived Assets.....	15.0	--	15.0	--
Contract Termination and Other.....	7.5	--	--	7.5
Total.....	$133.0	$8.5	$33.2	$91.3

(4) ACQUISITIONS

1998 ACQUISITIONS

Delphi Seating Systems

In September 1998, the Company purchased the seating business of Delphi Automotive Systems, a division of General Motors Corporation ("Delphi Seating"). Delphi Seating was a leading supplier of seat systems to General Motors with sixteen facilities located throughout ten countries. The aggregate purchase price for the acquisition of Delphi Seating (the "Delphi Acquisition") was $246.6 million. Funds for the Delphi Acquisition were provided by borrowings under the Credit Agreement (Note 9).

The Delphi Acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed have been reflected in the accompanying consolidated balance sheet as of December 31,

1998. The operating results of Delphi Seating have been included in the consolidated financial statements of the Company since the date of acquisition. The purchase price and related allocation were as follows (in millions):

Consideration paid to former owner, net of cash acquired of $6.0 million	$212.9
Deferred purchase price	30.0
Debt assumed	.5
Estimated fees and expenses	3.2
Cost of acquisition	$246.6
Property, plant and equipment	$ 50.8
Net working capital	15.1
Other assets purchased and liabilities assumed, net	(15.6)
Goodwill	196.3
Total cost allocation	$246.6

The purchase price and related allocation may be revised up to one year from the date of acquisition based on the outcome of final negotiations with the former owner and revisions of preliminary estimates of fair values made at the date of purchase.

The following pro forma unaudited financial data is presented to illustrate the estimated effects of the Delphi Acquisition as if this transaction had occurred as of the beginning of each year presented (in millions, except per share data).

	FOR THE YEAR ENDED DECEMBER 31,	
	1998 PRO FORMA	1997 PRO FORMA
Net sales	$9,728.4	$8,411.1
Income before extraordinary item	97.8	164.6
Net income	97.8	163.6
Diluted income per share before extraordinary item	1.44	2.41
Diluted net income per share	1.44	2.40

Other 1998 Acquisitions

In May 1998, the Company acquired, in separate transactions, Gruppo Pianfei S.r.L. ("Pianfei"), Strapazzini Resine S.r.L. ("Strapazzini") and the A.W. Chapman Ltd. and A.W. Chapman Belgium NV subsidiaries of the Rodd Group Limited ("Chapman"). Each of the acquired companies was a supplier of automotive interiors to the European automotive market. These acquisitions were accounted for as purchases, and accordingly, the assets purchased and liabilities assumed have been reflected in the accompanying consolidated balance sheet as of December 31, 1998. The operating results of these acquired companies have been included in the consolidated financial statements of the Company since the date of each acquisition. The aggregate cash paid for these acquisitions was $115.3 million, with funds provided by borrowings under the Credit Agreement (Note 9). The pro forma effects of these acquisitions would not be materially different from reported results.

1997 ACQUISITIONS

In August 1997, the Company acquired the Seat Sub-Systems Unit of ITT Automotive, a division of ITT Industries ("ITT Seat Sub-Systems"). ITT Seat Sub-Systems was a North American supplier of power seat adjusters and power recliners.

In July 1997, the Company acquired certain equity and partnership interests in Keiper Car Seating GmbH & Co. and certain of its subsidiaries and affiliates (collectively, "Keiper Seating") for approximately $252.5 million. Keiper Seating was a leading supplier of automotive vehicle seat systems with operations in Germany, Italy, Hungary, Brazil and South Africa.

As part of the Keiper Seating acquisition, the Company acquired a 25% ownership interest in Euro American Seating Corporation ("EAS"). On December 12, 1997, the Company acquired the remaining 75% of EAS. EAS was a supplier of automotive seat systems to original equipment manufacturers.

In June 1997, the Company acquired all of the outstanding shares of common stock of Dunlop Cox Limited ("Dunlop Cox"). Dunlop Cox, based in Nottingham, England, provided Lear with the ability to design and manufacture manual and electronically-powered automotive seat adjusters.

The ITT Seat Sub-Systems, Keiper Seating and Dunlop Cox acquisitions (collectively, the "1997 Acquisitions") were accounted for as purchases, and accordingly, the assets purchased and liabilities assumed in the acquisitions have been reflected in the accompanying consolidated balance sheets. The operating results of the 1997 Acquisitions have been included in the consolidated financial statements of the Company since the date of each acquisition. Funds for the 1997 Acquisitions were provided by borrowings under the Company's then existing credit agreements. The aggregate purchase price of the 1997 Acquisitions and final allocation, which were not materially different than preliminary estimates, were as follows (in millions):

Consideration paid to former owners, net of cash acquired of $9.2 million	$332.2
Deferred purchase price	28.1
Debt assumed	4.4
Estimated fees and expenses	3.5
Cost of acquisition	$368.2
Property, plant and equipment	$ 85.0
Net working capital	12.5
Other assets purchased and liabilities assumed, net	(4.9)
Goodwill	275.6
Total cost allocation	$368.2

The pro forma effects of these acquisitions would not be materially different from reported results.

1996 ACQUISITIONS

Borealis Industrier, AB

In December 1996, the Company acquired all of the issued and outstanding capital stock of Borealis Industrier, AB ("Borealis") for an aggregate purchase price of $91.1 million (including the assumption of $18.8 million of Borealis existing net indebtedness and $1.5 million of fees and expenses). Borealis was a supplier of instrument panels and other interior components to the European automotive market. The Borealis acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed have been reflected in the accompanying consolidated balance sheets. The operating results of Borealis have been included in the consolidated financial statements of the Company since the date of acquisition.

Masland Corporation

In June 1996, the Company, through a wholly-owned subsidiary ("PA Acquisition Corp."), acquired 97% of the issued and outstanding shares of common stock of Masland Corporation ("Masland") pursuant to an offer to purchase which was commenced on May 30, 1996. On July 1, 1996, the remaining issued and outstanding shares of common stock of Masland were acquired and PA Acquisition Corp. merged with and

into Masland, such that Masland became a wholly-owned subsidiary of the Company. The aggregate purchase price for the acquisition of Masland (the "Masland Acquisition") was $473.8 million (including the assumption of $80.7 million of Masland's existing net indebtedness and $8.1 million in fees and expenses). Funds for the Masland Acquisition were provided by borrowings under the Company's then existing credit agreements.

Masland was a leading supplier of flooring and acoustic systems to the North American automotive market. Masland also was a major supplier of interior luggage compartment trim components and other acoustical products which are designed to minimize noise, vibration and harshness for passenger cars and light trucks.

The Masland Acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed in the acquisition have been reflected in the accompanying consolidated balance sheets. The operating results of Masland have been included in the consolidated financial statements of the Company since the date of acquisition. The purchase price and final allocation, which were not materially different than preliminary estimates, were as follows (in millions):

Consideration paid to stockholders, net of cash acquired of $16.1 million	$337.8
Consideration paid to former Masland stock option holders	22.1
Debt assumed	96.8
Stock options issued to former Masland option holders	9.0
Fees and expenses	8.1
Cost of acquisition	$473.8
Property, plant and equipment	$125.8
Net working capital	31.5
Other assets purchased and liabilities assumed, net	(15.7)
Goodwill	332.2
Total cost allocation	$473.8

The pro forma unaudited financial data is presented to illustrate the estimated effects of the Masland Acquisition, the related financing and subsequent refinancing (Notes 5 and 6) as if these transactions had occurred as of the beginning of the year presented as follows (in millions, except per share data):

	YEAR ENDED DECEMBER 31, 1996
	PRO FORMA
Net sales	$6,510.8
Net income	153.9
Diluted net income per share	2.27

(5) PUBLIC STOCK OFFERINGS

COMPANY OFFERINGS

In July 1996, the Company issued and sold 7,500,000 shares of common stock in a public offering (the "1996 Offering"). The total proceeds to the Company from the stock issuance were $251.3 million. Fees and expenses related to the 1996 Offering totaled $8.5 million, including approximately $1.1 million paid to Lehman Brothers Inc., an affiliate of the Lehman Funds. Net of issuance costs, the Company received $242.8 million, which was used to repay debt incurred in connection with the Masland Acquisition (Note 4).

SECONDARY OFFERINGS

In June 1997, the Company's then-largest stockholders, certain merchant banking partnerships affiliated with Lehman Brothers Holdings, Inc., (the "Lehman Funds"), sold all 10,284,854 of their remaining shares of common stock of Lear in a secondary offering. Prior to the offering, the Lehman Funds held approximately 16% of the outstanding common stock of the Company. The Company received no proceeds from the sale of these shares.

Concurrent with the 1996 Offering, 7,500,000 shares were sold by certain stockholders of the Company, including the Lehman Funds. The Company received no proceeds from the sale of these shares.

(6) SUBORDINATED NOTES OFFERINGS

In July 1996, the Company completed a public offering of $200.0 million principal amount of its 9 1/2% Subordinated Notes due 2006 (the "9 1/2% Notes"). Interest is payable on the 9 1/2% Notes semi-annually on January 15 and July 15. Fees and expenses related to the issuance of the 9 1/2% Notes were approximately $4.5 million. Net of issuance costs, the Company received $195.5 million, which was used to repay debt incurred in connection with the Masland Acquisition (Note 4).

(7) INVESTMENTS IN AFFILIATES

The investments in affiliates, which are accounted for using the equity method, are as follows:

	PERCENT BENEFICIAL OWNERSHIP AS OF DECEMBER 31,		
	1998	1997	1996
Sommer Masland UK Limited	50%	50%	50%
Industrias Cousin Freres, S.L. (Spain)	50	50	50
Lear -- Donnelly Overhead Systems, L.L.C.	50	50	--
SALBI, A.B.	50	50	50
Detroit Automotive Interiors, L.L.C.	49	49	49
Autoform Kunstoffteile GmbH	45	--	--
Interiores Automotrices Summa, S.A. de C.V. (Mexico)	40	40	40
U.P.M. S.r.L. (Italy)	39	--	--
Markol Otomotiv Yan Sanayi Ve Ticaret (Turkey)	35	35	35
Jiangxi Jiangling Lear, Interior Systems Co., Ltd. (China)	33	33	50
Guildford Kast Plastifol Dynamics, Ltd. (U.K.)	33	33	33
Precision Fabrics Group	29	29	29
Interni Interiores S.A. (Brazil)	25	--	--
Pacific Trim Corporation Ltd. (Thailand)	20	20	20

In October 1997, the Company formed a joint venture with Donnelly Corporation named Lear-Donnelly Overhead Systems, L.L.C. The joint venture designs, develops, markets and produces overhead systems for the global automotive market. The aggregate investment in affiliates was $73.9 million and $71.3 million as of December 31, 1998 and 1997, respectively.

Summarized group financial information for affiliates accounted for under the equity method is as follows (unaudited, in millions):

	DECEMBER 31,	
	1998	1997
Balance sheet data:		
Current assets	$162.0	$127.7
Non-current assets	137.0	78.1
Current liabilities	128.9	69.8
Non-current liabilities	54.2	77.7

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Income statement data:			
Net sales	$579.4	$493.2	$471.0
Gross profit	80.0	75.4	68.1
Income (loss) before provision for income taxes	(.1)	25.2	21.6
Net income (loss)	(1.6)	20.3	17.9

The Company had sales to affiliates of approximately $62.9 million, $28.1 million and $22.2 million for the years ended December 31, 1998, 1997 and 1996, respectively. Dividends of approximately $2.3 million, $3.9 million and $3.0 million were received by the Company for the years ended December 31, 1998, 1997 and 1996, respectively.

During 1998, the Company increased its ownership of General Seating of America, Inc., General Seating of Canada, Ltd. and Lear Corporation Thailand. As a result of these ownership increases, the Company acquired majority control and included the results of operations and financial position of these entities in its consolidated financial statements from the date of majority control.

(8) SHORT-TERM BORROWINGS

Lear utilizes uncommitted lines of credit to satisfy short-term working capital requirements. At December 31, 1998, the Company had unsecured lines of credit available from banks of approximately $470 million, subject to certain restrictions imposed by the Credit Agreement (Note 9). Weighted average interest rates on the outstanding borrowings at December 31, 1998 and 1997 were 4.7% and 7.2%, respectively.

(9) LONG-TERM DEBT

Long-term debt is comprised of the following (in millions):

	DECEMBER 31,	
	1998	1997
Credit agreement	$ 970.3	$ 647.7
Other	173.6	88.5
	1,143.9	736.2
Less -- Current Portion	16.5	9.1
	1,127.4	727.1
9 1/2% Subordinated Notes	200.0	200.0
8 1/4% Subordinated Notes	136.0	136.0
	336.0	336.0
Long-Term Debt	$1,463.4	$1,063.1

In May and December 1998, the Company amended its multi-currency revolving credit agreement (the "Credit Agreement") to increase total borrowing availability from $1.8 billion to $2.1 billion, eliminate the pledge of subsidiary stock which secured the facility and provide for euro denominated multi-currency loans. The Credit Agreement matures on September 30, 2001 and may be used for general corporate purposes, including acquisitions.

As of December 31, 1998, the Company had $970 million outstanding under the Credit Agreement and $60 million committed under outstanding letters of credit, resulting in approximately $1.1 billion unused long-term revolving credit commitments. The weighted average interest across all currencies was approximately 5.4% and 5.8% at December 31, 1998 and 1997, respectively. Borrowings and repayments on the Credit Agreement were as follows (in millions):

YEAR	BORROWINGS	REPAYMENTS
1998	$3,994.8	$3,677.8
1997	3,422.3	3,260.3
1996	2,790.8	3,027.8

Other senior debt at December 31, 1998 is principally made up of amounts outstanding under U.S. term loans, industrial revenue bonds and capital leases.

The 8 1/4% Subordinated Notes, due in 2002, require interest payments semi-annually on February 1 and August 1 and became callable at par on February 1, 1999. The 9 1/2% Subordinated Notes, due in 2006, require interest payments semi-annually on January 15 and July 15 and are callable at par beginning July 15, 2001. In July 1997, the Company redeemed all of its 11 1/4% Senior Subordinated Notes, due 2000 (the "11 1/4% Notes"), at par with borrowings under the Credit Agreement. The accelerated amortization of deferred financing fees related to the 11 1/4% Notes totaled approximately $1.6 million. This amount, net of the related tax benefit of $.6 million, has been reflected as an extraordinary loss in the consolidated statement of income in 1997.

The Credit Agreement and indentures relating to the Company's subordinated debt contain restrictive covenants. The most restrictive of these covenants are the financial covenants related to the maintenance of certain levels of leverage and interest coverage. These agreements also restrict the Company's ability to incur additional indebtedness, declare dividends, create liens, make investments and advances and sell assets.

The scheduled maturities of long-term debt at December 31, 1998 for the five succeeding years are as follows (in millions):

YEAR	MATURITIES
1999	$ 16.5
2000	31.2
2001	1,026.3
2002	138.1
2003	5.1

(10) NATIONAL INCOME TAXES

A summary of income before provision for national income taxes and components of the provision for national income taxes is as follows (in millions):

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Income before provision for national income taxes, minority interests in consolidated subsidiaries, equity in net income of affiliates and extraordinary item:			
Domestic	$ 98.9	$213.2	$135.7
Foreign	115.9	132.6	117.7
	$214.8	$345.8	$253.4
Domestic provision for national income taxes:			
Current provision	$ 72.7	$109.8	$ 48.4
Deferred --			
Deferred provision	(14.2)	(18.3)	2.8
Benefit of previously unbenefitted net operating loss carryforwards		--	(5.9)
	(14.2)	(24.2)	2.8
Total domestic provision	58.5	85.6	51.2
Foreign provision for national income taxes:			
Current provision	58.1	65.1	51.0
Deferred --			
Deferred provision	(17.4)	(1.9)	6.6
Benefit of previously unbenefitted net operating loss carryforwards	(5.3)	(5.7)	(7.3)
	(22.7)	(7.6)	(.7)
Total foreign provision	35.4	57.5	50.3
Provision for national income taxes	$ 93.9	$143.1	$101.5

The differences between tax provisions calculated at the United States Federal statutory income tax rate of 35% and the consolidated national income tax provision are summarized as follows (in millions):

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Income before provision for national income taxes, minority interests in consolidated subsidiaries, equity in net income of affiliates and extraordinary item multiplied by the United States Federal statutory rate	$ 75.2	$121.0	$ 88.7
Differences between domestic and effective foreign tax rates	6.4	3.9	1.3
Net operating losses not tax benefited	14.3	10.2	15.8
Decrease in valuation allowance	(0.3)	(3.6)	(8.3)
Foreign subsidiary basis adjustment	(13.9)	--	--
Amortization of goodwill	13.5	12.4	10.4
Utilization of net operating losses and other	(1.3)	(.8)	(6.4)
	$ 93.9	$143.1	$101.5

Deferred national income taxes represent temporary differences in the recognition of certain items for income tax and financial reporting purposes. The components of the net deferred national income tax (asset) liability are summarized as follows (in millions):

	DECEMBER 31,	
	1998	1997
Deferred national income tax liabilities:		
Long-term asset basis differences	$ 52.5	$ 63.4
Taxes provided on unremitted foreign earnings	--	10.3
Deferred finance fees	1.7	2.9
Recoverable customer engineering and tooling	50.2	30.3
Other	13.7	2.1
	$ 118.1	$ 109.0
Deferred national income tax assets:		
Tax credit carryforwards	$ --	$ (.3)
Tax loss carryforwards	(128.0)	(78.7)
Retirement benefit plans	(28.6)	(22.4)
Accruals	(97.5)	(64.8)
Self-insurance reserves	(12.4)	(11.6)
Asset valuations	(0.8)	(18.2)
Minimum pension liability	(6.4)	(.3)
Deferred compensation	(2.0)	(2.4)
Other	(6.2)	(8.8)
	(281.9)	(207.5)
Valuation allowance	95.6	64.8
	$(186.3)	$(142.7)
Net deferred national income tax asset	$ (68.2)	$ (33.7)

Deferred national income tax assets have been fully offset by a valuation allowance in certain foreign tax jurisdictions due to a history of operating losses. The classification of the net deferred national income tax asset is summarized as follows (in millions):

	DECEMBER 31,	
	1998	1997
Deferred national income tax assets:		
Current	$(100.7)	$(85.9)
Long-term	(13.5)	(15.0)
Deferred national income tax liabilities:		
Current	7.0	5.5
Long-term	39.0	61.7
Net deferred national income tax asset	$ (68.2)	$(33.7)

Deferred national income taxes have not been provided on the undistributed earnings of the Company's foreign subsidiaries as such amounts are either considered to be permanently reinvested or would not create any additional U.S. tax upon repatriation. The cumulative undistributed earnings at December 31, 1998 on which the Company had not provided additional national income taxes were approximately $173.7 million.

As of December 31, 1998, the Company had tax loss carryforwards of $326.0 million which relate to certain foreign subsidiaries. Of the total loss carryforwards, $179.5 million have no expiration and $146.5 million expire in 1999 through 2006.

(11) PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has noncontributory defined benefit pension plans covering certain domestic employees and certain employees in foreign countries. The Company's salaried plans provide benefits based on a five-year average earnings formula. Hourly pension plans provide benefits under flat benefit formulas. The Company also has contractual arrangements with certain employees which provide for supplemental retirement benefits. In general, the Company's policy is to fund these plans based on legal requirements, tax considerations and local practices.

The Company has postretirement plans covering a portion of the Company's domestic employees and Canadian employees. The plans generally provide for the continuation of medical benefits for all employees who complete 10 years of service after age 45 and retire from the Company at age 55 or older. The Company does not fund its postretirement benefit obligation. Rather, payments are made as costs are incurred by covered retirees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

Effective January 1, 1998, the Company adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits". In accordance with SFAS No. 132, the following tables provide a reconciliation of the change in benefit obligation, the change in plan assets and the net amount recognized in the consolidated balance sheets (based on a September 30 measurement date, in millions):

	DECEMBER 31,			
	PENSION		OTHER POSTRETIREMENT	
	1998	1997	1998	1997
Change in benefit obligation:				
Benefit obligation at beginning of year	$201.0	$154.1	$ 70.2	$ 66.3
Service cost	14.8	14.7	4.8	4.6
Interest cost	13.9	13.4	4.7	4.9
Amendments	0.9	8.1	--	--
Actuarial (gain) loss	7.0	4.7	(9.4)	(3.6)
Acquisitions	--	17.2	3.9	--
Benefits paid	(7.1)	(6.6)	(1.9)	(1.3)
Translation adjustment	(6.7)	(4.6)	(1.4)	(0.7)
Benefit obligation at end of year	$223.8	$201.0	$ 70.9	$ 70.2
Change in plan assets:				
Fair value of plan assets at beginning of year	$138.0	$108.0	$ --	$ --
Actual return on plan assets	(6.6)	20.1	--	--
Employer contributions	18.8	15.3	1.9	1.3
Acquisitions	--	3.6	--	--
Benefits paid	(6.3)	(5.8)	(1.9)	(1.3)
Translation adjustment	(5.8)	(3.2)	--	--
Fair value of plan assets at end of year	$138.1	$138.0	$ --	$ --
Funded status	$(85.7)	$(63.0)	$(70.9)	$(70.2)
Unrecognized net actuarial (gain) loss	21.7	(1.9)	(13.9)	(6.9)
Unrecognized net transition (asset) obligation	(2.4)	(3.0)	27.2	27.5
Unrecognized prior service cost	26.7	29.4	(2.9)	0.3
Net amount recognized	$(39.7)	$(38.5)	$(60.5)	$(49.3)
Amounts recognized in the consolidated balance sheets:				
Prepaid benefit cost	$ 12.2	$ 10.4	$ --	$ --
Accrued benefit liability	(93.6)	(75.8)	(60.5)	(49.3)
Intangible asset	23.5	26.1	--	--
Deferred tax asset	6.4	0.3	--	--
Accumulated other comprehensive income	11.8	0.5	--	--
Net amount recognized	$(39.7)	$(38.5)	$(60.5)	$(49.3)

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $161.9 million, $156.8 million and $89.0 million, respectively, as of December 31, 1998, and $136.0 million, $127.6 million and $78.4 million, respectively, as of December 31, 1997.

Components of the Company's net periodic benefit costs are as follows (in millions):

	DECEMBER 31,					
	PENSION			OTHER POSTRETIREMENT		
	1998	1997	1996	1998	1997	1996
Components of net periodic benefit cost:						
Service cost	$ 14.8	$14.7	$10.6	$ 4.8	$ 4.6	$ 4.2
Interest cost	13.9	13.4	10.6	4.7	4.9	4.0
Expected return on plan assets	(10.8)	(8.9)	(7.0)	--	--	--
Amortization of actuarial (gain) loss	(0.2)	0.1	0.8	(1.2)	(0.3)	(0.5)
Amortization of transition (asset) obligation	(0.4)	(0.3)	(0.2)	1.7	1.7	1.8
Amortization of prior service cost	2.3	2.4	1.7	(0.4)	0.1	0.2
Net periodic benefit cost	$ 19.6	$21.4	$16.5	$ 9.6	$11.0	$ 9.7

The actuarial assumptions used in determining the funded status information and net periodic benefit cost information shown above were as follows:

	DECEMBER 31,			
	PENSION		OTHER POSTRETIREMENT	
	1998	1997	1998	1997
Weighted-average assumptions:				
Discount rate:				
Domestic plans	6 3/4%	7 1/2%	6 3/4%	7 1/2%
Foreign plans	6-7%	4 1/2-7 1/2%	7%	8%
Expected return on plan assets:				
Domestic plans	9%	9%	N/A	N/A
Foreign plans	7%	7 1/2%	N/A	N/A
Rate of compensation increase:				
Domestic plans	4 1/4%	5%	N/A	N/A
Foreign plans	3-4 1/2%	1-5%	N/A	N/A

For measurement purposes, domestic health care costs were assumed to increase 8.8% in 1998, grading down over time to 5.5% in eight years. Foreign health care costs were assumed to increase 8.0% in 1998, grading down over time to 5.5% in fifteen years.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the postretirement plans. A 1% rise in the assumed rate of healthcare cost increases each year would increase the postretirement benefit obligation as of December 31, 1998 by $10.7 million and increase the postretirement net periodic benefit cost by $1.8 million for the year ended December 31, 1998.

The Company also sponsors defined contribution plans and participates in government sponsored programs in certain foreign countries. Contributions are determined as a percentage of each covered employee's salary. The Company also participates in multi-employer pension plans for certain of its hourly employees and contributes to those plans based on collective bargaining agreements. The aggregate cost of the defined contribution and multi-employer pension plans charged to income was $12.1 million, $10.4 million and $4.7 million for the years ended December 31, 1998, 1997 and 1996, respectively.

(12) COMMITMENTS AND CONTINGENCIES

The Company is the subject of various lawsuits, claims and environmental contingencies. In addition, the Company has been identified as a potentially responsible party under the Comprehensive Environmental

Response, Compensation and Liability Act of 1980, as amended ("Superfund"), for the cleanup of contamination from hazardous substances at one Superfund site and may incur indemnification obligations for cleanup at three additional sites. In the opinion of management, the expected liability resulting from these matters is adequately covered by amounts accrued and will not have a material adverse effect on the Company's consolidated financial position or future results of operations.

Approximately 21,000 of the Company's workforce worldwide are subject to collective bargaining agreements, 38% of which expire within one year. Relationships with all unions are good, and management does not anticipate any difficulties with respect to the agreements.

Lease commitments at December 31, 1998 under noncancelable operating leases with terms exceeding one year are as follows (in millions):

1999	$ 37.2
2000	30.6
2001	24.3
2002	20.0
2003	15.5
2004 and thereafter	24.9
Total	$152.5

The Company's operating leases cover principally buildings and transportation equipment. Rent expense incurred under all operating leases and charged to operations was $60.6 million, $37.8 million and $29.8 million for the years ended December 31, 1998, 1997 and 1996, respectively.

(13) STOCK OPTION PLANS

The Company has four plans under which it has issued stock options, the 1992 Stock Option Plan, the 1994 Stock Option Plan, the 1996 Stock Option Plan and the Long-Term Stock Incentive Plan. Options issued to date under these plans generally vest over a three-year period and expire ten years from the original plan date.

As part of the Masland Acquisition (Note 4), outstanding Masland stock options were converted into options to acquire 517,920 shares of the Company's common stock at prices ranging from $11.63 to $30.17 per share. The value of the Masland options converted as of the date of the acquisition was $9.0 million and was included in the purchase price of the acquisition. A summary of options transactions during each of the three years in the period ended December 31, 1998 is shown below:

	STOCK OPTIONS	PRICE RANGE
Outstanding at December 31, 1995	4,476,910	$ 1.29 - $30.25
Granted	1,076,920	$11.63 - $33.00
Expired or cancelled	(36,000)	$15.50 - $33.00
Exercised	(1,832,588)	$ 1.29 - $23.12
Outstanding at December 31,1996	3,685,242	$ 1.29 - $33.00
Granted	554,000	$37.25
Expired or cancelled	(166,685)	$ 1.29 - $37.25
Exercised	(1,286,059)	$ 1.29 - $33.00
Outstanding at December 31, 1997	2,786,498	$ 1.29 - $37.25
Granted	880,350	$54.22
Expired or cancelled	(84,378)	$19.26 - $54.22
Exercised	(320,379)	$ 1.29 - $37.25
Outstanding at December 31, 1998	3,262,091	$ 5.00 - $54.22

At December 31, 1998, 1,397,143 stock options were exercisable at a weighted average price of $11.83.

The Long-Term Stock Incentive Plan also permits the grants of stock appreciation rights, restricted stock, restricted units, performance shares and performance units (collectively "Incentive Units") to officers and other key employees of the Company. As of December 31, 1998, the Company had outstanding Incentive Units convertible into a maximum of 186,588 shares of common stock of the Company.

Pro Forma

At December 31, 1998, the Company had several stock option plans, which are described above. The Company applies APB Opinion 25 and related Interpretations in accounting for its plans. Accordingly, compensation cost was calculated as the difference between the exercise price of the option and the market value of the stock at the date the option was granted. If compensation cost for the Company's stock option plans was determined based on the fair value at the grant dates consistent with the method prescribed in SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net income and net income per share would have been reduced to the pro forma amounts indicated below (unaudited, in millions, except per share data).

	1998	1997	1996
As Reported			
Income before extraordinary item	$115.5	$208.2	$151.9
Net income	$115.5	$207.2	$151.9
Diluted income per share before extraordinary item	$ 1.70	$ 3.05	$ 2.38
Diluted net income per share	$ 1.70	$ 3.04	$ 2.38
Pro forma			
Income before extraordinary item	$107.9	$204.3	$150.4
Net income	$107.9	$203.3	$150.4
Diluted income per share before extraordinary item	$ 1.59	$ 2.99	$ 2.36
Diluted net income per share	$ 1.59	$ 2.98	$ 2.36

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1998, 1997 and 1996: expected dividend yields of 0.0% and expected lives of 10 years. The risk-free interest rates used were 6 3/4% in 1998 and 7 1/2% in 1997 and 1996. The expected volatility used was 33.9% in 1998, 30.2% in 1997 and 31.5% in 1996.

(14) SEGMENT REPORTING

The Company has adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to stockholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers.

The Company is organized based on customer-focused and geographic divisions. Each division reports their results from operations and makes requests for capital expenditures directly to the chief operating decision making group. This group is comprised of the Chairman & Chief Executive Officer, the Vice-Chairman, the President and Chief Operating Officer and the Chief Financial Officer. Under this organizational structure, the Company's operating segments have been aggregated into one reportable segment. This aggregated segment consists of eight divisions, each with separate management teams and infrastructures dedicated to providing complete automotive interiors to its respective automotive OEM customers. Each of the Company's eight divisions demonstrate similar economic performance, mainly driven by automobile production volumes in the geographic regions in which they operate. Also, each division operates in the competitive "Tier 1" automotive supplier environment and continually is working with its customers to manage costs without sacrificing quality. All of the Company's manufacturing facilities use Just-In-Time (JIT) manufacturing techniques to produce and distribute their automotive interior products. These techniques include maintaining constant computer and other communication connections between personnel at the Company's plants and personnel at the customers' plants to keep production current with the customers' demand. The Other category includes the corporate office, geographic headquarters, technology division and elimination of intercompany activities, none of which meet the requirements of being classified as an operating segment.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies described in Note 2. The Company evaluates the performance of its operating segments based primarily on sales, operating income before amortization and cash flow, being defined as EBITA less capital expenditures plus depreciation.

The following table presents revenues and other financial information by business segment (in millions):

	1998		
	AUTOMOTIVE INTERIORS	OTHER	CONSOLIDATED
Revenues	$9,050.4	$ 9.0	$9,059.4
EBITA	537.1	(145.7)	391.4
Depreciation	161.2	9.3	170.5
Capital Expenditures	307.2	44.2	351.4
Total assets	$3,812.5	$1,864.8	$5,677.3

	1997		
	AUTOMOTIVE INTERIORS	OTHER	CONSOLIDATED
Revenues	$7,330.0	$ 12.9	$7,342.9
EBITA	652.9	(130.4)	522.5
Depreciation	135.4	7.6	143.0
Capital Expenditures	168.7	19.2	187.9
Total assets	$2,937.2	$1,521.9	$4,459.1

	1996		
	AUTOMOTIVE INTERIORS	OTHER	CONSOLIDATED
Revenues	$6,249.1	$ --	$6,249.1
EBITA	496.6	(87.2)	409.4
Depreciation	103.4	5.3	108.7
Capital Expenditures	139.4	14.4	153.8
Total assets	$2,525.6	$1,291.2	$3,816.8

The following table presents revenues and long-lived assets for each of the geographic areas in which the Company operates (in millions):

	1998	1997	1996
Revenues:			
United States	$4,413.7	$3,609.4	$3,213.5
Canada	957.8	1,056.1	844.5
Germany	1,345.8	559.8	476.9
Other foreign countries	2,342.1	2,117.6	1,714.2
Total	$9,059.4	$7,342.9	$6,249.1

	1998	1997	1996
Long-lived assets:			
United States	$ 705.0	$ 608.7	$554.5
Canada	82.9	62.9	66.4
Germany	132.6	101.1	58.3
Other foreign countries	392.9	248.6	251.0
Total	$1,313.4	$1,021.3	$930.2

A majority of the Company's revenues are from four automobile manufacturing companies. The following is a summary of the percentage of revenues from major customers:

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
General Motors Corporation	26%	27%	30%
Ford Motor Company	23	29	32
DaimlerChrysler	14	9	7
Fiat S.p.A.	8	10	10

In addition, a significant portion of the remaining revenues are to the above automobile manufacturing companies through various other automotive suppliers or to affiliates of these automobile manufacturing companies.

(15) FINANCIAL INSTRUMENTS

The Company hedges certain foreign currency risks through the use of forward foreign exchange contracts and options. Such contracts are generally deemed as, and are effective as, hedges of the related transactions. As such, gains and losses from these contracts are deferred and are recognized on the settlement date, consistent with the related transactions. The Company and its subsidiaries contracted to exchange notional United States dollar equivalent principal amounts of $289.8 million as of December 31, 1998 and $231.8 million as of December 31, 1997. All contracts outstanding as of December 31, 1998 mature in 1999. The deferred gain on such contracts as of December 31, 1998 was $.5 million compared to $.3 million as of December 31, 1997.

The carrying values of the Company's subordinated notes vary from the fair values of these instruments. The fair values were determined by reference to market prices of the securities in recent public transactions. As of December 31, 1998 and 1997, the aggregate carrying value of the Company's subordinated notes was $336.0 million compared to an estimated fair value of $356.7 million and $357.9 million, respectively. The carrying value of the Company's senior indebtedness approximates its fair value which was determined based on rates currently available to the Company for similar borrowings with like maturities.

The Company uses interest rate swap contracts to hedge against interest rate risks in future periods. As of December 31, 1998, the Company had entered into swap contracts with an aggregate notional value of $300.0 million with maturities between fifteen months and ten years. Pursuant to each of the contracts, the Company will make payments calculated at a fixed base rate of between 4.6% and 6.0% of the notional value and will receive payments calculated at the Libor rate. This effectively fixes the Company's interest rate on the portion of the indebtedness under the Credit Agreement covered by the contracts. The fair value of these contracts as of December 31, 1998 was a negative $12.2 million.

Several of the Company's European subsidiaries factor their accounts receivable with financial institutions subject to limited recourse provisions and are charged a discount fee ranging from 3.8% to 4.7%. The amount of such factored receivables, which is not included in accounts receivable in the consolidated balance sheets at December 31, 1998 and 1997, was approximately $200.0 million and $137.0 million, respectively.

During 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 1999. It requires all derivative instruments to be recorded in the balance sheet at their fair value. Changes in the fair value of derivatives are required to be recorded each period in current earnings or other comprehensive income, depending on whether the derivative is designated as part of a hedge transaction. We do not expect the effects of adoption to be significant.

(16) QUARTERLY FINANCIAL DATA

	THIRTEEN WEEKS ENDED			
	MARCH 28, 1998	JUNE 27, 1998	SEPTEMBER 26, 1998	DECEMBER 31, 1998
	(UNAUDITED, IN MILLIONS, EXCEPT PER SHARE DATA)			
Net sales	$2,032.1	$2,175.0	$1,946.5	$2,905.8
Gross profit	200.2	231.6	162.0	267.6
Net income (loss)	47.3	65.7	21.6	(19.1)
Diluted net income per share	.69	.96	.32	(.28)

	THIRTEEN WEEKS ENDED			
	MARCH 29, 1997	JUNE 28, 1997	SEPTEMBER 27, 1997	DECEMBER 31, 1997
	(UNAUDITED, IN MILLIONS, EXCEPT PER SHARE DATA)			
Net sales	$1,724.0	$1,839.3	$1,635.9	$2,143.7
Gross profit	177.9	213.5	175.3	242.7
Income before extraordinary item	41.9	61.1	36.6	68.6
Net income	41.9	61.1	35.6	68.6
Diluted net income per share before extraordinary item	.62	.90	.53	1.00
Diluted net income per share	.62	.90	.52	1.00

(17) SUBSEQUENT EVENT

On March 16, 1999, the Company entered into a definitive purchase agreement to acquire UT Automotive, Inc., a wholly-owned subsidiary of United Technologies Corporation, for $2.3 billion. UT Automotive is a leading supplier of electrical, electronic, motor, and interior products and systems to the global automotive industry. Headquartered in Dearborn, Michigan, UT Automotive has annual sales of approximately $3 billion, 44,000 employees and 90 facilities located in 18 countries. In connection with the pending UT Automotive acquisition, the Company has obtained a commitment from The Chase Manhattan Bank to provide the additional financing required to fund the acquisition. Consummation of the acquisition is contingent upon expiration or termination of any applicable waiting periods under the federal Hart-Scott-Rodino Antitrust Improvements Act.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Lear Corporation:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of LEAR CORPORATION AND SUBSIDIARIES ("the Company") included in this Form 10-K, and have issued our report thereon dated January 29, 1999 (except with respect to the matter discussed in Note 17, as to which the date is March 16, 1999). Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule on page 53 is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commissions rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Detroit, Michigan
January 29, 1999.

LEAR CORPORATION AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS	RETIREMENTS	OTHER CHANGES	BALANCE AT END OF PERIOD
			(IN MILLIONS)		
FOR THE YEAR ENDED DECEMBER 31, 1996:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ 4.0	$ 3.3	$ (.6)	$ 2.3	$ 9.0
Reserve for unmerchantable inventories	6.3	4.6	(1.0)	(.6)	9.3
	$10.3	$ 7.9	$ (1.6)	$ 1.7	$ 18.3
FOR THE YEAR ENDED DECEMBER 31, 1997:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ 9.0	$ 5.1	$ (2.6)	$ 3.2	$ 14.7
Reserve for unmerchantable inventories	9.3	3.6	(3.7)	3.2	12.4
	$18.3	$ 8.7	$ (6.3)	$ 6.4	$ 27.1
FOR THE YEAR ENDED DECEMBER 31, 1998:					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$14.7	$ 8.4	$ (5.8)	$(1.3)	$ 16.0
Reserve for unmerchantable inventories	12.4	8.0	(5.6)	.1	14.9
Reserve for restructuring and other charges	--	133.0	(41.7)	--	91.3
	$27.1	$149.4	$(53.1)	$(1.2)	$122.2

ITEM 9 -- CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no disagreement between the management of the Company and the Company's accountants on any matter of accounting principles or practices or financial statement disclosures.

PART III

ITEM 10 -- DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Incorporated by reference from the Proxy Statement sections entitled "Election of Directors," and "Management."

ITEM 11 -- EXECUTIVE COMPENSATION

Incorporated by reference from the Proxy Statement section entitled "Executive Compensation."

ITEM 12 -- SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference from the Proxy Statement section entitled "Management -- Security Ownership of Certain Beneficial Owners and Management."

ITEM 13 -- CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference from the Proxy Statement section entitled "Certain Transactions."

PART IV

ITEM 14 -- EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

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

1. Consolidated Financial Statements:

   Report of Independent Public Accountants

   Consolidated Balance Sheets as of December 31, 1998 and 1997.

   Consolidated Statements of Income for the years ended December 31, 1998, 1997 and 1996.

   Consolidated Statements of Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996.

   Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996.

   Notes to Consolidated Financial Statements

2. Financial Statements Schedule:

   Report of Independent Public Accountants

   Schedule II -- Valuation and Qualifying Accounts

   All other financial statement schedules are omitted because such schedules are not required or the information required has been presented in the aforementioned financial statements.

3. The exhibits listed on the "Index to Exhibits" on pages 50 through 51 are filed with this Form 10-K or incorporated by reference as set forth below.

(b) The following reports on Form 8-K were filed during the quarter ended December 31, 1998.

   September 1, 1998 -- Form 8-K/A (filed November 17, 1998) relating to the acquisition of Delphi Automotive Systems seating business.

(c) The exhibits listed on the "Index to Exhibits" on pages 50 through 51 are filed with this Form 10-K or incorporated by reference as set forth below.

(d) Additional Financial Statement Schedules.

   None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 26, 1999.

Lear Corporation

By: /s/ KENNETH L. WAY

Kenneth L. Way
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Lear Corporation and in the capacities indicated on March 26, 1999.

/s/ KENNETH L. WAY	/s/ IRMA B. ELDER
Kenneth L. Way Chairman of the Board and Chief Executive Officer	Irma B. Elder a Director
/s/ ROBERT E. ROSSITER	/s/ LARRY W. MCCURDY
Robert E. Rossiter President and Chief Operating Officer and a Director	Larry W. McCurdy a Director
/s/ JAMES H. VANDENBERGHE	/s/ ROBERT W. SHOWER
James H. Vandenberghe Vice Chairman	Robert W. Shower a Director
/s/ DONALD J. STEBBINS	/s/ DAVID P. SPALDING
Donald J. Stebbins Senior Vice President and Chief Financial Officer	David P. Spalding a Director
/s/ DAVID BING	/s/ JAMES A. STERN
David Bing a Director	James A. Stern a Director
/s/ GIAN ANDREA BOTTA	
Gian Andrea Botta a Director	

INDEX TO EXHIBITS

EXHIBIT NUMBER	EXHIBIT
3.1	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 1996).
3.2	Amended and Restated By-laws of the Company (incorporated by reference to Exhibit 3.4 to Lear's Registration Statement on Form S-1 (No. 33-52565)).
4.1	Indenture dated as of July 1, 1996 by and between the Company and the Bank of New York, as trustee, relating to the 9 1/2% Subordinated Notes due 2006 (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 1996).
4.2	Indenture dated as of February 1, 1994 by and between Lear and The First National Bank of Boston, as Trustee, relating to the 8 1/4% Subordinated Notes (incorporated by reference to Exhibit 4.1 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
10.1	$1,800,000 Amended and Restated Credit and Guarantee Agreement dated as of December 20, 1996 (the "Credit Agreement") among the Company, Lear Corporation Canada Ltd., the foreign subsidiary borrowers named therein, the several financial institutions party thereto (collectively, the "Lenders"), The Chase Manhattan Bank, as general administrative agent for the Lenders and The Bank of Nova Scotia, as Canadian administrative agent for the Lenders,(incorporated by reference to Exhibit 10.1 to the Company's Report on Form 10-K filed for the year ended December 31, 1996).
10.2	First Amendment, dated as of November 26, 1997 of the $1,800,000 Amended and Restated Credit and Guarantee Agreement, dated as of December 20, 1996 among the Company, Lear Corporation Canada, Ltd., the foreign subsidiary borrowers named therein, the several financial institutions party thereto (collectively, the "Lenders"), the Managing Agents named therein, the Co-Agents named therein, the Lead Managers named therein, and The Bank of Nova Scotia and The Chase Manhattan Bank, as administrative agents for the Lenders thereunder, (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.3	Second Amendment and Release, dated as of May 26, 1998, of the Amended and Restated Credit and Guarantee Agreement dated as of December 20, 1996 among the Company, Lear Corporation Canada Ltd., the foreign subsidiary borrowers listed therein, the several financial institutions party thereto, The Chase Manhattan Bank, as general administrative agent, and The Bank of Nova Scotia, as Canadian administrative agent, filed herewith.
10.4	Employment Agreement dated March 20, 1995 between the Company and Kenneth L. Way (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.5	Employment Agreement dated March 20, 1995 between the Company and Robert E. Rossiter (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.6	Employment Agreement dated March 20, 1995 between the Company and James H. Vandenberghe (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.7	Employment Agreement dated May 29, 1996 between the Masland Corporation and Dr. Frank J. Preston, (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.8	Employment Agreement dated March 20, 1995 between the Company and Donald J. Stebbins, filed herewith.

EXHIBIT NUMBER	EXHIBIT
10.9	Lear's 1992 Stock Option Plan (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended June 30, 1993).
10.10	Amendment to Lear's 1992 Stock Option Plan (incorporated by reference to Exhibit 10.26 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
10.11	Lear's 1994 Stock Option Plan (incorporated by reference to Exhibit 10.27 to the Company's Transition Report on Form 10-K filed on March 31, 1994).
10.12	Masland Holdings, Inc. 1991 Stock Purchase and Option Plan (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K dated June 27, 1996).
10.13	Masland Corporation 1993 Stock Option Incentive Plan (incorporated by reference to Exhibit 99.5 to the Company's Current Report on Form 8-K dated June 27, 1995).
10.14	Lear's Supplemental Executive Retirement Plan, dated as of January 1, 1995 (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.15	Share Purchase Agreement dated as of December 10, 1996, between the Company and Borealis Holding AB, (incorporated by reference to Exhibit 10.23 to the Company's Report on Form 10-K for the year ended December 31, 1996).
10.16	Agreement and Plan of Merger dated as of May 23, 1996, by and among the Company, PA Acquisition Corp. and Masland Corporation (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-3 (No. 333-05809)).
10.17	Agreement and Plan of Merger dated as of July 16, 1995, among the Company, AIHI Acquisition Corp. and Automotive Industries Holding, Inc. (incorporated by reference to the Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 17, 1995).
10.18	Lear Corporation 1996 Stock Option Plan, as amended and restated (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 1997)
10.19	Lear Corporation Long-Term Stock Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.2 to the Company's quarterly Report on Form 10Q for the quarter ended June 28, 1997.
10.20	Lear Corporation Outside Directors Compensation Plan, as amended and restated (incorporated by reference to Exhibit 10.3 to the Company's quarterly Report on Form 10-Q for the quarter ended June 28, 1997.
10.21	Purchase Agreement dated as of May 26, 1997 amend Keiper GmbH & Co., Putsch GmbH & Co. KG, Keiper Recaro GmbH, Keiper Car Seating Verwaltungs GmbH, Lear Corporation GmbH & Co., and Lear Corporation (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 1997.
10.22	Operating Agreement of Lear Donnelly Overhead Systems, L.L.C. dated as of the 1st day of November, 1997, by and between the Company and Donnelly Corporation, (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.23	Form of the Lear Corporation Long-Term Stock Incentive Plan Deferral and Restricted Stock Unit Agreement, (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.24	Form of the Lear Corporation 1996 Stock Option Plan Stock Option Agreement, (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).

EXHIBIT NUMBER	EXHIBIT
10.25	Restricted Property Agreement dated as of December 17, 1997 between the Company and Robert E. Rossiter (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.26	Lear Corporation 1992 Stock Option Plan, 3rd amendment dated March 14, 1997 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report of Form 10-K for the year ended December 31, 1997).
10.27	Lear Corporation 1992 Stock Option plan, 4th amendment dated August 4, 1997 (incorporated by reference to Exhibit 10.31 to the Company's Annual Report of Form 10-K for the year ended December 31, 1997).
10.28	Lear Corporation 1994 Stock Option Plan, Second Amendment effective January 1, 1996, filed herewith.
10.29	Lear Corporation 1994 Stock Option Plan, Third Amendment effective March 14, 1997, filed herewith.
10.30	Lear Corporation Long-Term Stock Incentive Plan, Third Amendment effective February 26, 1998, filed herewith
10.31	The Master Sale and Purchase Agreement between General Motors Corporation and the Company, dated August 31, 1998, relating to the sale and purchase of the world-wide seating business operated by The Delphi Interior & Lighting System Division of General Motors Corporation's Delphi Automotive Systems business sector, filed herewith.
11.1	Computation of income (loss) per share, filed herewith.
21.1	List of subsidiaries of the Company, filed herewith.
23.1	Consent of independent public accountants, filed herewith.
27.1	Financial Data Schedule, filed herewith.

EXHIBIT 10.3

SECOND AMENDMENT AND RELEASE

SECOND AMENDMENT AND RELEASE, dated as of May 26, 1998 (this "Amendment"), to the Amended and Restated Credit and Guarantee Agreement, dated as of December 20, 1996 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among LEAR CORPORATION, a Delaware corporation (the "U.S. Borrower"), LEAR CORPORATION CANADA LTD., a company organized under the laws of the province of Ontario, Canada (the "Canadian Borrower"), the FOREIGN SUBSIDIARY BORROWERS parties thereto (together with the U.S. Borrower and the Canadian Borrower, the "Borrowers"), the several banks and other financial institutions from time to time parties thereto (the "Lenders"), the Managing Agents named therein (the "Managing Agents"), the Co-Agents named therein (the "Co-Agents"), the Lead Managers named therein (the "Lead Managers"), and THE BANK OF NOVA SCOTIA, a Canadian chartered bank (as hereinafter defined, the "Canadian Administrative Agent"), and THE CHASE MANHATTAN BANK, a New York banking corporation (as hereinafter defined, the "General Administrative Agent"), as administrative agents for the Lenders thereunder (collectively, the "Administrative Agents").

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make, and have made, extensions of credit to the Borrowers; and

WHEREAS, the Borrowers have requested that certain provisions of the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement) be modified in the manner provided for in this Amendment, and the Lenders are willing to agree to such modifications as provided for in this Amendment;

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

1. Defined Terms. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

2. Amendments to Credit Agreement. (a) Subsection 13.8 of the Credit Agreement is hereby amended by deleting such subsection in its entirety and substituting in lieu thereof the following:

"13.8 [RESERVED]"

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(b) Subsection 13.10 of the Credit Agreement is hereby amended by deleting such subsection in its entirety and substituting in lieu thereof the following:

"13.10 [RESERVED]"

(c) Schedule I of the Credit Agreement is hereby amended by deleting such Schedule in its entirety and substituting in lieu thereof Schedule I attached hereto.

3. Releases. The Lenders and the General Administrative Agent hereby (a) release the guarantors under the Subsidiary Guarantee and the Additional Subsidiary Guarantee from all their respective obligations under such Guarantees, (b) release the security interest in all collateral held by the General Administrative Agent under the Pledge Agreements and (c) release the pledgors under the Pledge Agreements from all their respective obligations under the Pledge Agreements. The Lenders hereby authorize and direct the General Administrative Agent to take such actions as it shall deem appropriate to effect such release, including the execution and delivery of such release instruments as it shall deem appropriate. The parties to the Credit Agreement agree that, notwithstanding any provision contained in the Credit Agreement or the other Loan Documents to the contrary, (i) all obligations of the Loan Parties contained in the Credit Agreement and the other Loan Documents with respect to (A) the Subsidiary Guarantee, (B) the Additional Subsidiary Guarantee and (C) the Pledge Agreements (collectively, the "Released Documents") are hereby released and (ii) all references in the Credit Agreement and the other Loan Documents to the Released Documents shall have no force or effect.

4. Conditions to Effectiveness. This Amendment shall become effective on the date (the "Amendment Effective Date") that the following conditions precedent have been satisfied:

(a) the General Administrative Agent shall have received counterparts hereof, duly executed and delivered by the Borrowers, the Swing Line Lender and all the Lenders;

(b) The General Administrative Agent shall have received, with a copy for each Lender, a certificate of the Secretary or Assistant Secretary of the U.S. Borrower, dated the Amendment Effective Date, as to the incumbency and signature of its officers executing this Amendment, together with satisfactory evidence of the incumbency of such Secretary or Assistant Secretary;

(c) the General Administrative Agent shall have received, with a copy for each Lender, a copy of the resolutions in form and substance satisfactory to the General Administrative Agent, of the Board of Directors (or the executive committee thereof) of the U.S. Borrower authorizing the execution, delivery and performance of the U.S. Borrower of this Amendment, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the Amendment Effective Date; and

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(d) the General Administrative Agent shall have received, with a copy for each Lender, an opinion, dated the Amendment Effective Date, of Winston & Strawn, special counsel to the U.S. Borrower, in form and substance satisfactory to the General Administrative Agent.

5. Representations and Warranties. The Borrowers represent and warrant that the representations and warranties made by the Borrowers in the Loan Documents are true and correct in all material respects on and as of the Amendment Effective Date, before and after giving effect to the effectiveness of this Amendment, as if made on and as of the Amendment Effective Date, except to the extent such representations and warranties expressly relate to an earlier date.

6. Payment of Expenses. The Borrowers agree to pay or reimburse the General Administrative Agent for all of its out-of-pocket costs and reasonable expenses incurred in connection with this Amendment and any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to the General Administrative Agent.

7. No Other Amendments; Confirmation. Except as expressly amended, modified and supplemented hereby, the provisions of the Credit Agreement, the Notes and the other Loan Documents are and shall remain in full force and effect.

8. Governing Law; Counterparts. (a) This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

(b) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Amendment signed by all the parties shall be lodged with the U.S. Borrower and the General Administrative Agent. This Amendment may be delivered by facsimile transmission of the relevant signature pages hereof.

9. Exiting Lenders. Each Lenders which after the Amendment Effective Date no longer holds a Commitment (an "Exiting Lender") is executing this Amendment solely for the purpose of acknowledging that its Commitment will terminate on the Amendment Effective Date upon repayment in full of all amounts owing to it under the Credit Agreement on the Amendment Effective Date. The modifications to the Credit Agreement and the other Loan Documents, effected by this Amendment are being approved by Lenders holding 100% of the Commitments after giving effect to termination of the Commitments of the Lenders on the Amendment Effective Date. On the Amendment Effective Date, the Borrowers shall effect such borrowings and repayments among the Lenders (which need not be pro rata among the Lenders) so that, after giving effect thereto, (a) the respective principal amounts of the Canadian Revolving Credit Loans to the Canadian Borrower held by the Canadian Lenders shall be pro rata according to their respective Canadian Revolving Credit Commitment Percentages, as amended hereby, (b) the respective principal amounts of Multicurrency Loans to any Borrower

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held by the Multicurrency Lenders shall be pro rata according to their respective Multicurrency Commitment Percentages, as amended hereby and (c) the Committed Outstandings Percentage of each U.S. Lender will equal (as nearly as possible) its U.S. Revolving Credit Commitment Percentage, as amended hereby. The Borrowers shall remain obligated to pay any amounts due pursuant to subsection 10.11 of Credit Agreement in connection with such prepayments.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

LEAR CORPORATION

By: [SIG]

Title:

LEAR CORPORATION CANADA LTD.

By: [SIG]

Title:

LEAR CORPORATION SWEDEN AB

By:

Title:

LEAR FRANCE SARL

By:

Title:

LEAR CORPORATION GMBH & CO. KG

By:

Title:

NS BETEILIGUNG GMBH

By:

Title:

SCHEDULE 1

COMMITMENTS; ADDRESSES

A. U.S. Revolving Credit Commitment and Multicurrency Commitment Amounts (U.S. Dollars)

U.S. LENDER	U.S. REVOLVING CREDIT COMMITMENT	COUNTERPART LENDER	MULTICURRENCY COMMITMENT
ABN AMRO Bank N.V., Chicago Branch	$50,000,000		$35,000,000
The Asahi Bank, Ltd.	$35,000,000		
Banca Commerciale Italiana	$15,000,000		
Banca Nazionale del Lavoro S.p.A., New York Branch	$15,000,000		
Bank Austria Aktiengesellschaft	$20,000,000		
Bank of America NT & SA	$75,000,000		$35,000,000
The Bank of New York	$50,000,000		$35,000,000
The Bank of Nova Scotia	$75,000,000	The Bank of Nova Scotia	
The Bank of Tokyo-Mitsubushi Ltd., New York Branch	$50,000,000		
Bankers Trust Company	$87,500,000		
Banque Nationale de Paris	$50,000,000		$30,000,000
Banque Paribas	$35,000,000		$15,000,000

U.S. LENDER	U.S. REVOLVING CREDIT COMMITMENT	COUNTERPART LENDER	MULTICURRENCY COMMITMENT
CARIPLO Cassa di Risparmio delle Provincie Lombarde SPA	$15,000,000		
Credit Agricole Indosuez	$35,000,000		$10,000,000
The Chase Manhattan Bank	$95,000,000		$85,000,000
CIBC, Inc.	$50,000,000	Canadian Imperial Bank of Commerce	
Citicorp USA, Inc.	$87,500,000		$40,000,000
Comerica Bank	$60,000,000		$10,000,000
Credito Italiano S.p.A.	$15,000,000		
Credit Lyonnais Chicago Branch	$45,000,000		$10,000,000
CS First Boston Group, Inc.	$25,000,000		
The Dai-Ichi Kangyo Bank, Ltd., Chicago Branch	$30,000,000		
Den Danske Bank	$25,000,000		
DG Bank	$25,000,000		
Deutsche Bank AG	$50,000,000		
Dresdner Bank AG New York and Grand Cayman Branches	$35,000,000		$35,000,000
First American National Bank	$15,000,000		
BankBoston N.A.	$35,000,000		$30,000,000

U.S. LENDER	U.S. REVOLVING CREDIT COMMITMENT	COUNTERPART LENDER	MULTICURRENCY COMMITMENT
NBD Bank	$50,000,000		$35,000,000
Fifth Third Bank	$20,000,000		
First Union National Bank of North Carolina	$50,000,000		$20,000,000
Fleet National Bank	$45,000,000		
The Fuji Bank, Limited	$35,000,000		
Gulf International Bank B.S.C.	$15,000,000		
The Industrial Bank of Japan, Limited	$50,000,000		
Istituto Bancario Sao Paolo Di Torino SpA	$20,000,000		
KeyBank National Association	$50,000,000		
Kredietbank N.V.	$25,000,000		$15,000,000
Lehman Commercial Paper Inc.	$25,000,000		
The Long-Term Credit Bank of Japan, Ltd.	$35,000,000		
Michigan National Bank of Detroit	$20,000,000		
Morgan Guaranty Trust Company of New York	$25,000,000		
National City Bank	$25,000,000		
NationsBank, N.A.	$75,000,000		$35,000,000

U.S. LENDER	U.S. REVOLVING CREDIT COMMITMENT	COUNTERPARTY LENDER	MULTICURRENCY COMMITMENT
The Northern Trust Company	$25,000,000		
Royal Bank of Canada	$35,000,000	Royal Bank of Canada	
The Sakura Bank, Ltd.	$10,000,000		
The Sanwa Bank, Limited, Chicago Branch	$50,000,000		
Societe Generale	$30,000,000		$ 10,000,000
The Sumitomo Bank, Chicago Branch	$35,000,000		
Suntrust Bank, Atlanta	$30,000,000		
Svenska Handelsbanken	$20,000,000		
The Toronto-Dominion Bank	$50,000,000		
Wachovia Bank	$25,000,000		
U.S. Bank National Association	$25,000,000		$ 15,000,000
TOTAL	$21,100,000,000		$500,000,000

B. Canadian Commitment Amounts (U.S. Dollars)

CANADIAN LENDER	CANADIAN REVOLVING CREDIT COMMITMENT	COUNTERPART LENDER
The Bank of Nova Scotia	$20,000,000	The Bank of Nova Scotia
Canadian Imperial Bank of Commerce	$20,000,000	CIBC, Inc.
Royal Bank of Canada	$10,000,000	Royal Bank of Canada
TOTAL	$50,000,000	

EXHIBIT 10.8

March 20, 1995

Mr. Donald J. Stebbins
3003 Woodcreek Way
Bloomfield, MI 48304

Dear Mr. Stebbins:

Lear Seating Corporation (the "Company") considers it essential to its best interest and the best interests of its stockholders to foster the continuous employment of key management personnel.

The Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties. In order to induce you to remain in the employ of the Company, and in consideration of your agreement to the termination of any existing employment contract you may have with the Company or any predecessor; the Company agrees that you shall receive, upon the terms and conditions set forth herein, the compensation and benefits set forth in this letter agreement ("Agreement") during the Term hereof.

1. Term of Agreement. This Agreement shall commence as of the Effective Date (as defined on the signature page hereof) and shall continue in effect until the second anniversary of such date (the "Term"). The Term may be extended pursuant to paragraph 12, hereafter.

2. Terms of Employment. During the Term, you agree to be a full-time employee of the Company serving in the position of Vice President, Treasurer and Assistant Secretary of the Company and to devote substantially all of your working time and attention to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities associated with your position as Vice President, Treasurer and Assistant Secretary of the Company, to use your best efforts to perform faithfully and efficiently such responsibilities. In addition, you agree to serve in such other capacities or offices to which you may be assigned, appointed or elected from time to time by the Board. Nothing herein shall prohibit you from devoting your time to civic and community activities, serving as a member of the Board of Directors of other corporations who do not compete with the Company (provided that you have received prior written approval from the Company's Chairman), or managing personal investments, as long as the foregoing do not interfere with the performance of your duties hereunder.

3. Compensation.

(i) As compensation for your services, under this Agreement, you shall be entitled to receive an initial base salary of $ per annum, to be paid in accordance with existing payroll practices for executives of the Company. Increases in your base salary, if any, shall be determined by the Compensation Committee of the Board of Directors. In addition, you shall be eligible to receive an annual incentive compensation bonus ("Bonus") to be determined from time to time by the Compensation Committee of the Board of Directors of the Company.

(ii) In addition to compensation provided for in Subsection (i) of this Section 3, the Company agrees (A) to provide the same or comparable benefits with respect to any compensation or benefit plan in which you participate as of the Effective Date which is material to your total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; and (B) to maintain your ability to participate therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the opportunities provided and the level of your participation relative to other participants, than exists on the Effective Date.

(iii) The Company shall reimburse you for all reasonable travel, entertainment and other business expenses incurred by you in the performance of your responsibilities under this Agreement promptly upon receipt of written substantiation of such expenses. You shall also be paid all additional amounts necessary to discharge all federal and state tax liabilities incurred by you that are attributable to all deemed compensation arising as a consequence of your personal use of property owned or leased by the Company, excepting only your personal use of any Company aircraft, including federal and state taxes assessed against such additional compensation.

(iv) You shall be entitled to perquisites available to all other executives of the Company and shall be entitled to ____ weeks of vacation per year.

4. Termination of Employment. Your employment may be terminated by either the Company or you by giving a Notice of Termination, as defined in Subsection (iv) of this Section 4. If your employment should terminate during the Term, your entitlement to benefits shall be determined in accordance with Section 5 hereof.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you are unable to perform your duties hereunder for more than six consecutive months or six months aggregate during any twelve month period, your employment may be terminated for "Disability".

(ii) Cause. Termination of your employment for "Cause" shall mean termination

upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your Disability), (B) the engaging by you in conduct which is significantly injurious to the Company, monetarily or otherwise, (C) your conviction of a felony, (D) your abuse of illegal drugs or other controlled substances or your habitual intoxication, or (E) the breach of any of your material obligations hereunder including without limitation any breach of Section 9 or 10 hereof. For purposes of this Subsection, no act or failure to act, on your part shall be deemed "willful" unless knowingly done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(iii) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence, without your express written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the Date of Termination specified in the Notice of Termination, as such terms are defined in Subsections (v) and (iv) of this Section 4, respectively, given in respect thereof:

(A) The permanent assignment to you of any duties inconsistent with your status as an executive officer of the Company, your physical relocation on a permanent basis to an area outside of the metropolitan Detroit area, a substantial adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to such assignment of duties, your removal from any office specified in Section 2 hereof;

(B) Any reduction by the Company in your base salary as in effect from time to time, except for across-the-board salary reductions similarly affecting all executive officers of the Company;

(C) The failure by the Company to pay or provide to you within seven (7) days of receipt by the Company of your written demand any amounts of base salary or Bonus or any benefits which are due, owing and payable to you pursuant to the terms hereof, except pursuant to an across-the-board compensation deferral similarly affecting all executive officers, or to pay to you any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(D) Except in the case of across-the-board reductions, deferrals or eliminations similarly affecting all executive officers of the Company, the failure by the Company to (i) continue in effect any compensation plan in which you participate which is material to your total compensation, including but not limited to the Company's plans currently in effect or hereafter adopted, and any plans adopted in substitution therefore, or (ii) continue to provide you with benefits substantially similar, in aggregate, to the Company's life insurance, medical, dental, health, accident or disability plans

in which you are participating at the date of this Agreement; or

(E) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 7 hereof.

Your continued employment with the Company shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability pursuant to Subsection (i) of this Section 4, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), (B) if your employment is terminated by reason of your death, the date of your death, (C) if by you for Good Reason or by either party for any other reason (other than Disability, death, or your voluntary resignation without Good Reason), the date specified in the Notice of Termination (which, in the case of a termination by you for Good Reason, shall not be less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given), and (D) if your employment is terminated by your voluntary resignation without Good Reason (as defined in Subsection (iii) of this Section 4), the Date of Termination shall be forty-five (45) days from the date such Notice of Termination is given or such other date as may be identified by the Company. Unless the Company instructs you not to do so, you shall continue to perform services as provided in this Agreement through the Date of Termination.

5. Compensation Upon Termination or During Disability. Upon termination of your employment with the Company during the Term, you shall be entitled to the following compensation and benefits:

(i) If your employment is terminated for Disability, you shall receive until the end of the Term all compensation payable to you under the Company's disability and medical plans and programs, as in effect on the Date of Termination plus an additional payment from the Company (if necessary) such that the aggregate amount received by you in the nature of salary continuation from all sources equals your base salary at the rate in effect on the Date of Termination. After the end of the Term,

your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs, provided that such terms shall not be less advantageous to you than the terms of such programs in effect as of the Effective Date.

(ii) If your employment shall be terminated (A) by the Company for Cause, or (B) by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination, at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement. Provided, however, that if your employment is terminated by your voluntary resignation without Good Reason, you shall be compensated per this Paragraph only to the extent that you actively performed your assigned responsibilities through the Date of Termination.

(iii) If your employment shall be terminated by reason of your death, the Company shall pay your estate or designated beneficiary (as designated by you by written notice to the Company, which designation shall remain in effect for the remainder of the Term and any extensions thereof until revoked or a new beneficiary is designated, in either case by written notice to the Company) your full base salary through the Date of Termination and for a period of 12 whole calendar months thereafter plus, if the Date of Termination shall not occur on the first day of a calendar month, the balance of the month in which the Date of Termination occurs, at the rate in effect at the time of your death, plus any Bonus earned, prorated for the portion of the Bonus measurement period occurring prior to the date of your death, plus all other amounts to which you are entitled under any compensation or benefit plans of the Company at the date of your death, and the Company shall have no further obligation to you, your beneficiaries or your estate under this Agreement.

(iv) If your employment shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) The Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), plus all other amounts to which you are entitled under any compensation or benefit plans of the Company, including without limitation, any Bonus measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided below;

(B) in lieu of any further salary payment to you for periods subsequent to

the Date of Termination, the Company shall pay to you your full base salary at the rate in effect immediately prior to the time Notice of Termination is given (or, if greater, at the rate in effect 30 days prior to the time Notice of Termination is given), payable periodically in accordance with past payroll practices, until the end of the Term;

(C) in lieu of any further Bonus payments to you for periods subsequent to the Date of Termination, the Company shall pay to you a Bonus payable in each March following the Date of Termination in respect of the previous plan fiscal year equal to the quotient obtained by aggregating the Bonuses received by you in respect of the two plan fiscal years ending prior to the Date of Termination (the "Bonus Period") and dividing such sum by two. Such Bonus shall be paid in respect of each plan fiscal year or portion thereof ending after the Date of Termination until the end of the Term, and shall be prorated for partial years, if any, including without limitation the portion of the calendar year occurring after the Date of Termination and the final plan fiscal year in respect of which any such March Bonus is payable pursuant to this Section 5(iv)(C). Provided, however, that the amount of bonus to be paid pursuant to this Paragraph shall not be greater than the amount of bonus that would have been paid in accordance with Bonus Plans, existing from time to time, had your employment not been terminated;

(D) until the end of the Term, you will continue to participate in all other compensation and benefit plans (including perquisites) in which you were participating immediately prior to the time Notice of Termination is given, or comparable plans substituted therefor; provided, however, that if you are ineligible, (e.g., by operation of law or the terms of the applicable plan to continue to participate in any such plan) the Company will provide you with a comparable level of compensation or benefits;

(E) the Company shall also pay to you all reasonable legal fees and expenses incurred by you in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement if such termination is determined by arbitration to have been for Good Reason or other than Cause or Disability; and

(F) if you should die after the Date of Termination and prior to the end of the period of payment provided for in paragraphs (B), (C), and (D) hereof, the Company shall pay your estate or your designated beneficiary any amounts that are or become payable pursuant to any of such paragraphs until the end of the Term.

(v) You shall be required to mitigate the amount of any payment provided for in subsection (iv) of this Section 5 by seeking and accepting, if offered, other

comparable employment, taking into consideration the provisions of Section 9 of this Agreement, and the amount of any payment provided for in this Section 5 shall be reduced by any compensation earned by you during the remainder of the Term as the result of your employment by another employer, or offset against any amount owed by you to the Company or as otherwise receivable by you pursuant to Subsection 5(iv)(D) shall be reduced to the extent a comparable benefit of the same type was made available to you during the applicable period of benefit continuation set forth in such Subsection. Any compensation and benefits actually received by you shall be promptly reported to the Company.

(vi) In addition to all other amounts payable to you under this Section 5, you shall be entitled to receive all benefits payable to you pursuant to the terms of any plan or agreement of the Company relating to retirement benefits.

6. Travel. You shall be required to travel to the extent necessary for the performance of your responsibilities under this Agreement.

7. Successors; Binding Agreement. The Company will, by Agreement in form and substance satisfactory to you, require any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

8. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if you are the Secretary at the time such notice is to be given, to the Company's Board of Directors), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. Noncompetition.

(i) Until the Date of Termination, you agree not to enter into competitive endeavors and not to undertake any commercial activity which is contrary to the best interests of the Company or its affiliates, including becoming an employee, owner

(except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), officer, consultant, agent or director of any firm or person which either directly competes with a line or lines of business of the Company accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes or derives ten percent (10%) or more of such firm's or person's gross sales, revenues or earnings before taxes from a line or lines of business which directly compete with the Company. Notwithstanding any provision of this Agreement to the contrary, you agree that your breach of the provisions of this Section 9(i) shall permit the Company to terminate your employment for Cause.

(ii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you agree not to become an employee, owner (except for passive investments of not more than one percent of the outstanding shares of, or any other equity interest in, any company or entity listed or traded on a national securities exchange or in an over-the-counter securities market), consultant, officer, agent or director of any firm or person which directly competes with a business of the Company producing any class of products accounting for ten percent (10%) or more of the Company's gross sales, revenues or earnings before taxes. During the period of payment provided in Section 5 hereof, you will be available, consistent with other responsibilities that you may then have, to answer questions and provide advice to the Company. Notwithstanding anything in this Agreement to the contrary, you agree that, from and after any breach by you of the provisions of this Section 9(ii), the Company shall cease to have any obligations to make payments to you under this Agreement.

(iii) If you are terminated for Cause, until the later of one year after the Date of Termination and during any period that you continue to be paid your salary (including any other payments in lieu of salary) pursuant to Section 5 hereof and for one year thereafter, or if you resign or are terminated other than for Cause, until the later of the Date of Termination and during any period that you continue to be paid your salary (including any other payment in lieu of salary) pursuant to Section 5 hereof, you shall not directly or indirectly, either on your own account or with or for anyone else, (A) solicit or attempt to solicit any of the Company's customers (B) solicit or attempt to solicit for any business endeavor any employee of the Company or (C) otherwise divert or attempt to divert from the Company any business whatsoever or interfere with any business relationship between the Company and any other person.

(iv) You acknowledge and agree that damages for breach of the covenant not to

compete in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agree that the Company, in addition to seeking actual damages pursuant to Section 11 hereof, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. You and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

10. Confidentiality.

(i) You shall not knowingly use, disclose or reveal to any unauthorized person, during or after the Term, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, and all other such information; and you confirm that such information is the exclusive property of the Company and its affiliates. Upon termination of your employment, you agree to return to the Company on demand of the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by you or otherwise in your possession.

(ii) Any ideas, processes, characters, productions, schemes, titles, names, formats, adaptations, plots, slogans, catchwords, incidents, treatment, and dialogue which you may conceive, create, organize, prepare or produce during the period of your employment and which ideas, processes, etc. relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not you should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

(iii) Notwithstanding anything in this Agreement to the contrary, you agree that from and after any breach by you of the provisions of this Section 10 during any period of payment provided in Section 5 hereof, the Company shall cease to have any obligations to make payments to you under this Agreement.

11. Arbitration.

(i) Except as contemplated by Section 9 (iii), Section 9, (iv), and Section 11 (iii) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Company and an individual to be selected by you, or if such two individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association.

(ii) The parties agree to use their best efforts to cause (a) the two individuals set forth in the preceding Section 11 (i), or, if applicable, the American Arbitration Association, to appoint the arbitrator within 30 days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (b) any arbitration hearing to be held within 30 days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing at such time.

(iii) Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that you shall be entitled to seek specific performance of your right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and you hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement.

(iv) If you prevail in full or in substantial part, the Company shall bear all expenses of the arbitrator incurred in any arbitration hereunder. The Company agrees to pay your reasonable and documented legal fees and expenses in connection with any arbitration hereunder if you prevail in full or in substantial part.

12. Extension of Term. The Term of this Agreement shall be automatically extended for a period of one year on each anniversary of the Effective Date of this Agreement. There shall be no renewal of the Term after the Date of Termination.

13. Modifications. No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both you and such officer of the Company as may be specifically designated by the Board.

14. No Implied Waivers. Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party

to exercise any of its rights provided herein shall not constitute a waiver of such right.

15. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

16. Payments Net of Taxes. Any payments provided for herein which are subject to Federal, State or local tax or other withholding requirements, shall have such amounts withheld prior to payment.

17. Survival of Obligations. The obligations of the Company under Section 5(iii) and your obligations under Sections 9 and 10 hereof shall survive the expiration of the Term of this Agreement.

18. Capacity of Parties. The parties hereto warrant that they have the capacity and authority to execute this Agreement.

19. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

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

21. Entire Agreement. This Agreement and any attachments hereto, contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement (including without limitation any prior employment agreement), condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject, effective on March 20, 1995 ("Effective Date").

Sincerely,

LEAR SEATING CORPORATION

BY:

Agreed to this_____ day of March, 1995

BY:

EXHIBIT 10.28

SECOND AMENDMENT
TO
LEAR SEATING CORPORATION 1994 STOCK OPTION PLAN

WHEREAS, Lear Corporation (the "Corporation") maintains the Lear Seating Corporation 1994 Stock Option Plan (the "Plan"); and

WHEREAS, amendment of the Plan is now considered desirable;

NOW, THEREFORE, by virtue and exercise of the power given the compensation Committee in Section 6(i), Section 6(g) of the Plan is amended effective January 1, 1996 by adding the following at the end thereof:

"Notwithstanding any other provision in the Plan to the contrary, a Grantee who terminates employment after December 31, 1995 due to retirement (as defined in Section 6(g)(i)), disability (as defined in Section 6(g)(ii)) or death and who is not a "covered employee" within the meaning of Code Section 162(m) during 1996 shall have the right to exercise an option, to the extent vested, as follows:

(I) If such a Grantee terminates employment due to retirement (as defined in Section 6(g)(i), he or she shall have the right to exercise the Option within thirteen months following such retirement (but not later than the date the Option would otherwise expire) if and to the extent the Option was exercisable on such date of retirement; in addition, he or she may exercise the Option notwithstanding that it is not exercisable at the time of retirement with the consent of the Company within thirteen months following such retirement. However, in the event of such a Grantee's death prior to the end of the thirteen-month period after the Grantee's termination of employment due to retirement, his or her estate shall have the right to exercise the Option thirteen months following the termination of employment due to retirement (but not later than the date the Option would otherwise expire) with respect to all or any part of the stock subject thereto, regardless of whether the Grantee had the right to purchase such stock at the time of termination. Options held by the Grantee that are not exercised within said period terminate.

(II) If such a Grantee dies while employed by the Company, such Grantee's estate shall have the right to exercise the Option for a period of thirteen months following the date of such death (but not later than the date on which the Option would otherwise expire). Options held by the Grantee that are not exercised within said period terminate.

(III) If such a Grantee terminates employment is by reason of disability (as defined in Section 6(g)(iii), such Grantee shall have the right to exercise the Option for a period of thirteen months from the date employment terminates due to disability (but not later than the date on which the Option would otherwise expire). Options held by the Grantee that are not exercised within said period terminate."

EXHIBIT 10.29

EXHIBIT D

THIRD AMENDMENT TO THE
LEAR CORPORATION
1994 STOCK OPTION PLAN

The Lear Corporation 1994 Stock Option Plan shall be amended effective as of March 14, 1997 as follows:

1. The third paragraph of Section 6(b) is deleted in its entirety and the following new paragraph inserted in lieu thereof:

"The notice of the exercise of any Option shall be accompanied by payment in full of the Option price. The purchase price shall be paid in United States dollars in cash or by certified or cashier's check payable to the order of the Company at the time of purchase. At the discretion of the Committee, the purchase price may be paid with: (i) Common Stock of the Company (Common Stock already owned by, and in the possession of, the Grantee); or (ii) any combination of United States dollars or Common Stock of the Company. Any required withholding tax shall be paid by the Grantee in full in United States dollars in cash or by certified or cashier's check at the time of exercise of the Option. Notwithstanding the foregoing, the Grantee may elect in his or her exercise notice to pay any withholding tax, up to the minimum withholding requirements for supplemental wages, with either (A) shares of the Company's Common Stock issuable to the Grantee upon exercise of the option or (B) shares of Common Stock already owned by, and in the possession of, the Grantee, with a fair market value equal to the minimum required withholding tax. Shares of Common Stock of the Company used to satisfy the exercise price of an Option shall be valued at their fair market value as determined by the Committee, as of the close of business on the day immediately preceding the date of exercise."

2. Paragraph (iv) of Section 6(g) shall be deleted in its entirety and the following new paragraph (iv) inserted in lieu thereof:

"(iv) Other Reasons. Except as provided under Section 6(d) hereof, in the case of a Grantee who terminates employment for any reason other than those provided above under "Retirement," "Death", or "Disability," the Grantee or his or her estate (in the event of his or her death after such termination) (a) may, within the 30-day period following such termination, exercise the Option to the extent that it was vested and exercisable on the date of his or her employment and (b) shall forfeit any Option to the extent that it was not vested and exercisable on the date of his or her termination of employment. Notwithstanding the foregoing, for Options granted after December 31, 1996, if the Grantee voluntarily terminates employment other than as provided under "Retirement," "Death," or "Disability," the Grantee or his or her estate (in the event of his or her death after such termination) shall forfeit the right (whether or not vested) to exercise the Option on the date of his or her termination of employment."

3. Section 4(b) of each Stock Option Agreement granted under the Plan shall be amended by inserting the following at the end thereof:

"The Grantee may elect in his or her exercise notice to pay any withholding tax, up to the minimum withholding requirement for supplemental wages, with shares of Common Stock in accordance with Section 6(b) of the Plan."

EXHIBIT 10.30

THIRD AMENDMENT
TO THE
LEAR CORPORATION LONG-TERM STOCK INCENTIVE PLAN

The Lear Corporation Long-Term Stock Incentive Plan shall be amended effective as of February 26, 1998 by deleting Section 2.1 and inserting the following:

> "2.1 'Affiliates' means any corporation (or partnership, joint venture, or other enterprise) of which the Company owns or controls, directly or indirectly, at least forty-five percent of the outstanding shares of stocknormally entitled to vote for the election of directors (or comparable equity participation and voting power). Notwithstanding the foregoing, for purposes of determining whether an employee has terminated employment with the Company and all Affiliates, 'Affiliates' shall mean any corporation (or partnership, joint venture, or other enterprise) of which the Company owns or controls, directly or indirectly, at least ten percent of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power)."

EXHIBIT 10.31

Dated August 31, 1998

GENERAL MOTORS CORPORATION

AND

LEAR CORPORATION

MASTER SALE AND PURCHASE AGREEMENT

relating to the sale and purchase of the world-wide seating business operated by The Delphi Interior & Lighting Systems Division of General Motors Corporation's Delphi Automotive Systems business sector

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MASTER SALE AND PURCHASE AGREEMENT

THIS MASTER SALE AND PURCHASE AGREEMENT (this "Agreement") dated as of August 31, 1998, and entered into by and between LEAR CORPORATION, a Delaware corporation ("Purchaser") and GENERAL MOTORS CORPORATION, a Delaware corporation ("GM"), through the Delphi Interior and Lighting Systems Division of its Delphi Automotive Systems business sector.

RECITALS

WHEREAS:

[A] GM, itself and through other members of the GM Group (as hereinafter defined), is engaged in the Combined Business (as hereinafter defined);

[B] Purchaser and members of the Purchaser Group (as hereinafter defined) desire to purchase substantially all of the assets of the US Business (as hereinafter defined) subject to certain liabilities to be assumed by Purchaser and members of the Purchaser Group, and GM desires to sell such assets on the terms and subject to the conditions set forth in this Agreement;

[C] Lear Corporation GmbH & Co. KG has agreed to purchase and Delphi Automotive Systems Deutschland GmbH has agreed to sell certain assets on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the German Business (as hereinafter defined);

[D] Lear Corporation Italia S.p.A. has agreed to purchase and Delphi Italia Automotive Systems Srl has agreed to sell certain assets on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the Italian Business (as hereinafter defined);

[E] Lear Corporation Poland S.p. z.o.o. has agreed to purchase and Delphi Automotive Systems Poland S.p. z.o.o. has agreed to sell certain assets on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the Polish Asset Business (as hereinafter defined);

[F] Purchaser has agreed to purchase and GM has agreed to sell 80 equal and indivisible shares of 50 Zloties each in the share capital of Delphi Gliwice S.p. z.o.o. on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the Polish Share Business (as hereinafter defined);

[G] Purchaser has agreed to purchase and GM has agreed to sell 80 ordinary shares of 1.00 Rand each in the share capital of Delphi Interior Systems South Africa (Pty) Limited

on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the South African Business (as hereinafter defined);

[H] Lear Corporation Spain, S.L. has agreed to buy and Delphi Unicables S.A. has agreed to sell 36,000 shares of 10,000 Pesetas each in the share capital of Delphi Asientos S.A. on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the Spanish Share Business (as hereinafter defined);

[I] Lear Corporation Spain, S.L. has agreed to purchase and Delphi, Componentes S.A. has agreed to sell certain assets on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the Spanish Asset Business (as hereinafter defined);

[J] Purchaser has agreed to purchase and General Motors Overseas Corporation, General Motors Overseas Distribution Corporation, General Motors Interamerica Corporation and General Motors Commercial Corporation have collectively agreed to sell 1,876,000 shares of 1,000 Turkish Lira each in the share capital of Delphi Teknik Oto Yan Sanayi Limited Sirketi on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the Turkish Business (as hereinafter defined);

[K] Lear Corporation (UK) Limited has agreed to purchase and Delphi Automotive Systems UK Limited has agreed to sell certain assets on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the UK Business (as hereinafter defined);

[L] Lear Holdings, S. de R.L. de C.V. has agreed to purchase and Sistemas Para Automotores de Mexico, S.A. de C.V. (989 shares) and Controladora Vesfron, S.A. de C.V. (1,294 shares) have agreed to sell 2,283 shares of Vestiduras (as hereafter defined) on the terms and subject to the conditions set forth in this Agreement and the Transfer Agreement relating to the Mexico Business (as hereinafter defined).

[M] Now therefore, in consideration of the premises, mutual promises, representations, warranties and covenants contained in this Agreement, the Parties agree as follows:

DEFINITIONS

The following terms, as used in this Agreement, shall have the following meanings whether used in the singular or plural (other terms are defined in Articles to which they pertain):

"ACQUIRED ASSETS" means the Acquired US Assets and Acquired European Assets.

"ACQUIRED EUROPEAN ASSETS" has the meaning set forth in Section 1.1.2.

"ACQUIRED US ASSETS" has the meaning set forth in Section 1.1.1.

"ADMINISTRATIVE ASSETS" means books, records and other administrative assets including, price lists, correspondence, mailing lists, customer lists, sales materials and records, purchasing materials and records, personnel records of employees, billing records, accounting records, other financial records, and sale order files, provided, however that Administrative Assets does not and shall not be deemed to include Intellectual Property.

"AFFILIATE" means, with respect to any Party, any business or other Person directly or indirectly controlling, controlled by or under common control with such specified Person. For purposes of this definition, control means ownership or actual control of more than fifty percent (50%) of the shares or other equity interest having power to elect directors or persons performing a similar function.

"AGREEMENT" means this Master Sale and Purchase Agreement, including its Schedules and Exhibits, and, may also be referred to as the Master Agreement in the Ancillary Agreement.

"ANCILLARY AGREEMENTS" means the Transfer Agreements and the other agreements referred to in Section 8.2.

"ASSET PURCHASERS" means, as regards the purchase of any Group Business, the relevant member of the Purchaser Group whose name is set opposite the relevant Group Business set forth in Schedule 1.1.2.

"ASSET SELLERS" means, as regards the sale of any Group Business, the relevant member of the GM Group whose name is set opposite the relevant Group Business set forth in Schedule 1.1.2.

"ASSUMED LIABILITIES" has the meaning set forth in Section 3.1.

"BASIC PRICE" has the meaning set forth in Section 2.1.1.

"BENEFIT ARRANGEMENTS" means all non-remuneration benefits provided to Overseas Employees whether contractual or otherwise, including (without limitation) bonus, commission, life insurance, medical insurance, profit share, company cars, loans, contractual or redundancy entitlements as at Closing.

"BUSINESS" means the business of designing, engineering, testing, manufacturing, assembling, processing, marketing, servicing, installing, selling and/or distributing passenger vehicle seating (both front and rear) and seating components.

"BUSINESS DAY" means a day on which New York State banks are open for business other than a Saturday or Sunday.

"CAP AMOUNT" has the meaning set forth in Section 10.2.1(a).

"CLOSING" has the meaning set forth in Section 8.1.

"CLOSING DATE" means the date of Closing.

"CLOSING INVENTORY STATEMENT" has the meaning set forth in Section 2.3.1.

"CLOSING PAYMENT" has the meaning set forth in Section 2.2.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMBINED BUSINESS" means, collectively, the Seating Business and the Business as conducted by or through the Sale Companies and the JV Companies.

"COMPETITIVE BUSINESS" has the meaning set forth in Section 9.6.

"COMPONENT SUPPLY AGREEMENT" means that Component Supply Agreement dated the date hereof between the Parties with respect to the Combined Business.

"CONFIDENTIALITY AGREEMENT" means the agreement dated October 10, 1997 between the Parties.

"CONTRACTS" means purchase orders, sales agreements, service contracts, distribution agreements, leases, product warranty or service agreements and other commitments, agreements and undertakings.

"COST" has the meaning set forth in Section 9.2.1.

"DEDUCTIBLE AMOUNT" has the meaning set forth in Section 10.2.1(a).

"DELOITTE & TOUCHE" means Deloitte & Touche LLP.

"DISCLOSURE SCHEDULES" means the schedules referred to in Article 4 herein.

"DIVESTITURE" has the meaning set forth in Section 9.6(ii).

"DIVESTITURE NOTICE" has the meaning set forth in Section 9.6(ii).

"EMPLOYEE BENEFIT PLAN" means, as regards the US Business, any Employee Pension Benefit Plan, Employee Welfare Benefit Plan, or any other material employee vacation, severance, bonus, or other benefit plan or program, whether or not subject to ERISA.

"EMPLOYEE PENSION BENEFIT PLAN" has the meaning set forth in ERISA Section 3(2).

"EMPLOYEE WELFARE BENEFIT PLAN" has the meaning set forth in ERISA Section 3(l).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ESTIMATED BASIC PRICE" has the meaning set forth in Section 2.1.1.

"EUROPE ASSET BUSINESS" means, collectively the German Business, the Italian Business, the Polish Asset Business, the Spanish Asset Business and the UK Business.

"EUROPE BUSINESS" means, collectively, the German Business, the Italian Business, the Mexico Business, the Polish Business, the South African Business, the Spanish Business, the Turkish Business and the UK Business.

"EUROPEAN LEASED REAL PROPERTY" means those properties identified on Schedule 4.1.15.F.

"EUROPEAN OWNED REAL PROPERTY" means those properties identified on Schedule 4.1.15.E and all Improvements located thereon.

"EUROPEAN REAL PROPERTY" means, collectively, the European Leased Real Property and the European Owned Real Property.

"EUROPEAN REAL PROPERTY LEASE" means each lease between the owner thereof as lessor and GM or relevant member of the GM Group as lessee of the European Leased Real Property.

"EXCLUDED ASSETS" has the meaning set forth in Section 1.2.

"EXCLUDED EUROPEAN REAL PROPERTY" means those properties listed on Schedule 4.1.15.G.

"EXPECTED VALUE" means the expected net asset value of the Sale Companies and JV Companies in an amount equal to US $22,779,000, representing for Delphi Teknik Oto Yan Sanayi Limited Sirketi US $2,612,000, for Delphi Interior Systems South Africa (Pty) Limited US $-1,767,000, for Delphi Asientos SA US $10,343,000, and for Delphi Vestiduras Fronterizas, S.A. de C.V. US $11,591,000. The Expected Value of any Sale Company or JV Company shall not include any asset impairment adjustments, and the effects of remeasurement on the financial statements of the Turkish Business for the 10 month period ended August 31, 1998, recorded on the books of the Sale Company or JV Company, as the case may be.

"FINANCIAL STATEMENTS " has the meaning set forth in Section 4.1.11(a).

"GAAP" means United States generally accepted accounting principles, consistently applied.

"GAAS" means United States generally accepted auditing standards, consistently applied.

"GERMAN BUSINESS" means the Business as currently conducted by Delphi Automotive Systems Deutschland GmbH and to be transferred pursuant to the applicable Transfer Agreement.

"GM" has the meaning set forth in the first paragraph of this Agreement.

"GM ACCOUNTING PROCEDURES" has the meaning set forth in Section 4.1.11(b).

"GM BAILED ASSETS" has the meaning set forth in Section 1.2.1.

"GM GROUP" means GM and each of its Affiliates (or any of them) and "MEMBER OF THE GM GROUP" shall be construed accordingly.

"GM INDEMNITEE" and "GM INDEMNITEES" have the meanings set forth in Section 10.2.2.

"GM'S KNOWLEDGE" or "TO THE KNOWLEDGE OF GM" or "TO THE KNOWLEDGE OF ANY MEMBER OF THE GM GROUP" or any similar expression means the actual knowledge of the employees of GM and/or members of the GM Group listed on Schedule A.

"GROUP BUSINESS" means all or any of the US Business, the Europe Business (or any of the businesses comprising the Europe Business) or the Mexico Business as the context requires.

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

"IMPROVEMENTS" means factories, plants, buildings, structures, fixtures, and other improvements.

"INCLUDE" or "INCLUDING" means including without limitation.

"INDEMNITEE" has the meaning set forth in Section 10.4.1.

"INDEMNITOR" has the meaning set forth in Section 10.4.1.

"INTELLECTUAL PROPERTY" means all patents and patent applications, trademarks, service marks and trade names (including any registrations or applications therefore) and associated goodwill, Technical Information, and licenses or sublicenses of the foregoing, in each case used or held for use exclusively or primarily in the Combined Business.

"INVENTORY" means all inventory, including raw materials, work-in-process, finished products, stores, stock, supplies, packaging and spare parts relating to the Combined Business wherever located.

"INVENTORY WORKING PAPERS" has the meaning set forth in Section 2.3.2.

"ITALIAN BUSINESS" means the Business as currently conducted by Delphi Automotive Systems Srl at Desio, Italy and to be transferred pursuant to the applicable Transfer Agreement.

"JV COMPANIES" means the companies listed on Schedule 1.5, brief particulars of which are set out thereon.

"JV SHARES" means the shares in the JV Companies registered in the name of the relevant Securities Sellers (as appropriate);

"LAWS" means, for all purposes other than Article 7 hereof, all laws, statutes, ordinances, codes, guidelines, rules, administrative rulings, or regulations of any federal, state, national, overseas or local governmental authority binding on or affecting the Person referred to in the context in which such word is used.

"LEASED REAL PROPERTY" means, collectively, the US Leased Real Property and the European Leased Real Property.

"LETTER AGREEMENT" means the Letter Agreement dated the date hereof between the Parties relating to the Combined Business.

"LIEN" means any lien, charge, claim, pledge, security interest, conditional sale agreement or other title retention agreement, lease, license, mortgage, security agreement, deed of trust, pledge, hypothecation, restriction, reservation, encroachment, easement, adverse right or interest, option or other encumbrance (including the filing of, or agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction).

"LISTED CONTRACTS" means the Combined Business' contracts and commitments required to be listed on Schedule 4.1.13.A.

"LOSSES" has the meaning set forth in Section 10.2.1(a).

"MATERIAL ADVERSE EFFECT" means a material adverse effect on the business, assets, liabilities, properties, condition (financial or otherwise), results of operations or prospects of the Combined Business taken as a whole, or on the ability of the Parties to consummate the transactions contemplated hereby.

"MEXICO BUSINESS" means the Business as currently conducted by Vestiduras at its three manufacturing plants located at (i) Calle Valentin Fuentes No.1190, Partido La Fuente; (ii) Calle Rio Bravo s/n, Parque Rio Industrial Bravo, Zaragoza, and (iii) Ejercito Nacional 6525, Fraccionamiento El Marques, Paitido Iglesias, all three plants at Ciudad Juarez, State of Chihuahua, Mexico and to be transferred pursuant to the applicable Transfer Agreement (excluding assets located in Mexico but included in the US Business).

"MLCG" means GM's mid-luxury car group.

"NET WORTH AMOUNT" has the meaning set forth in Section 2.4.1.

"NET WORTH STATEMENT" has the meaning set forth in Section 2.4.1.

"NET WORTH WORKING PAPERS" has the meaning set forth in Section 2.4.3.

"OEM" means an original equipment manufacturer of complete automobiles and light trucks.

"ORDINARY COURSE OF BUSINESS" means for all purposes, other than Article 7 hereof, the ordinary course of business of the Combined Business or any Group Business (as appropriate) consistent with GM's past practice within the automotive supply industry.

"OTHER OEM BAILED ASSETS" has the meaning set forth in Section 1.2.3.

"OVERSEAS EMPLOYEES" means each individual who is employed by any Asset Seller or otherwise in relation to the Seating Business (but excluding the US Business) as at Closing, and listed in the relevant Transfer Agreement.

"OWNED REAL PROPERTY" means, collectively, the US Owned Real Property and the European Owned Real Property.

"PARTY" or "PARTIES" means Purchaser and/or GM.

"PENSION SCHEMES" means, as regards to each Group Business comprising the Europe Business, those occupational pension schemes listed on Schedule C, brief particulars of which are listed thereon.

"PERMITS" means permits, concessions, grants, franchises, licenses, and other governmental authorizations and approvals specifically listed on Schedule 4.1.8.B, (excluding permits addressed by Article 7) issued to GM or any member of the GM Group and that are currently used for the purpose of carrying on the Combined Business and that relate to the Acquired Assets, Sale Companies or the JV Companies.

"PERMITTED EXCEPTIONS" means, with respect to the Owned Real Property: (a) liens for any current real estate or ad valorem taxes or assessments not yet delinquent; (b) inchoate mechanic's, material person's, laborer's, and carrier's lien and other similar inchoate liens arising by operation of law or statute in the Ordinary Course of Business for obligations which are not delinquent and which will be paid or discharged in the Ordinary Course of Business; (c) matters disclosed by the Survey; (d) rights of the public and adjoining property owners in streets and highways abutting and adjacent to the Owned Real Property; (e) easements, covenants, restrictions, and other encumbrances of public record which do not interfere with the current use of the Owned Real Property; (f) those items listed on Schedule 4.1.15.C; (g) zoning ordinances which are not violated; (h) those matters listed on Schedule 6.2; and (i); and such other matters, the existence of which, in the aggregate, would not have a material adverse effect on the operation of such owned Real Property.

"PERMITTED LIENS" has the meaning set forth in Section 4.1.5(a).

"PERSON" means an individual, a corporation, a partnership, a limited liability company, an association, a firm, a trust or other entity or organization.

"PERSONAL PROPERTY" means tangible personal property (other than Inventory), including machinery, equipment, tools, tooling, dies, jigs, molds, patterns, gauges, production fixtures,

material handling equipment, business machines, office furniture and fixtures, in-factory vehicles, trucks, model shop equipment, laboratory test fixtures, and other fixed assets and tangible personal property, whether located on the Owned Real Property, the Leased Real Property, at the place of business of a member of the GM Group engaged in the Combined Business or elsewhere.

"POLISH ASSET BUSINESS" means the Business as currently conducted by Delphi Automotive Systems Poland S.p. z.o.o. at Warsaw, Poland and to be transferred pursuant to the applicable Transfer Agreement.

"POLISH BUSINESS" means, collectively, the Polish Asset Business and the Polish Share Business.

"POLISH SHARE BUSINESS" means the Delphi Gliwice S.p. z.o.o. Business at Gliwice, Poland.

"PRIME RATE" has the meaning set forth in Section 2.5.1.

"PRODUCTIVE INVENTORY" means Inventory of the Seating Business that is directly used in the production process of the Seating Business, or that is or becomes Products of the Seating Business and is reflected as assets on the books of any Seating Business.

"PRODUCTS" means current passenger vehicle seating (both front and rear) and seating components as designed, manufactured, assembled, processed, offered for sale, marketed, sold, imported, installed or serviced by the Combined Business as of the Closing Date.

"PROMISSORY NOTES" has the meaning set forth in Section 9.13.

"PURCHASE PRICE" means an amount equal to the Basic Price and the Contingent Purchase Price constituting the consideration payable for the Acquired Assets and the Sale Securities under this Agreement and the Transfer Agreements.

"PURCHASER" has the meaning set forth in the first paragraph of this Agreement.

"PURCHASER GROUP" means the Purchaser and each of its Affiliates (or any of them) and "MEMBER OF THE PURCHASER GROUP" shall be construed accordingly.

"PURCHASER INDEMNITEE" and "PURCHASER INDEMNITEES" have the meanings set forth in Section 10.2.1(a).

"REAL PROPERTY" means, collectively, the US Real Property and the European Real Property.

"RELEVANT PERCENTAGE" has the meaning set for in Section 10.5(k).

"RESTRICTIONS" has the meaning set forth in Section 4.1.15(a).

"SALE COMPANIES" means the companies listed on Schedule 1.5, brief particulars of which are set out thereon.

"SALE SECURITIES" means, collectively, the Sale Shares and the JV Shares.

"SALE SHARES" means the entire issued share capital of each of the Sale Companies.

"SAVING" has the meaning set forth in Section 10.5(k).

"SEATING BUSINESS" means, collectively, the US Business and the Europe Business but excluding the Business carried on by the Sale Companies and JV Companies.

"SECURITIES PURCHASERS" means, as regards to the purchase of the Sale Shares or JV Shares, the relevant member of the Purchaser Group whose name is set opposite the relevant Sale Company or JV Company set forth in Schedule 1.5.

"SECURITIES SELLERS" means, as regards to the sale of the Sale Shares or the JV Shares, the relevant member of the GM Group whose name is set opposite the relevant Sale Company or JV Company set forth in Schedule 1.5.

"SOUTH AFRICAN BUSINESS" means the Business as currently conducted by Delphi Interior Systems South Africa (Pty) Limited at Port Elizabeth, Republic of South Africa.

"SPANISH ASSET BUSINESS" means the Business as currently conducted by Delphi Componentes SA at Logrono, Spain, and to be transferred pursuant to the applicable Transfer Agreement.

"SPANISH BUSINESS" means, collectively, the Spanish Asset Business and the Spanish Share Business.

"SPANISH SHARE BUSINESS" means the Business as currently conducted by Delphi Asientos SA at Epila, Spain.

"SURVEY" means the survey of the U.S. Owned Real Property and the U.S. Leased Real Property (other than the MLCG Support Space in Flint, Michigan) referred to in Section 6.3.

"TARGETED INVENTORY RANGE" means Productive Inventory in an amount ranging from US $46.6 million to US $57.1 million.

"TAXES" means any federal, sate, national, governmental, supra-governmental, local, municipal tax or assessment (including any interest and/or charges and/or penalties). "Taxes" includes, but is not limited to, income, capital gains, capital, license, premium, franchise, transfer, sales, use, gross receipts, value added, excise, ad valorem, property, withholding, payroll or employment, goods or services, severance, occupation, minimum, windfall profits and stamp taxes and customs duties.

"TECHNICAL INFORMATION" means all technical information in any form owned or (subject to the terms of the Contracts listed on Schedule 1.1.1.B) acquired by a member of the GM Group and used or held for use exclusively or primarily in the Combined Business, and pertaining to the design, manufacture, use, marketing, sale, installation or service of the Products, together with all copyrights (including any registrations or applications therefore) in all materials containing such information.

"THIRD PARTY CLAIM" has the meaning set forth in Section 10.4.1.

"TRANSFER AGREEMENTS" means the transfer agreements between relevant members of the GM Group and relevant members of the Purchaser Group implementing (as required by local law) the sale and purchase of the Acquired European Assets and the Sale Securities as set forth in Schedule B.

"TRANSFER DOCUMENTS" means such bills of sale, deeds, assignments, subleases, licenses, and other good and sufficient instruments of transfer, including a covenant deed to the US Owned Real Property and assignments of leases, subleases or licenses with respect to US Leased Real Property, conveying and transferring to Purchaser title to the Acquired Assets as provided in this Agreement.

"TRANSITION SERVICES" means the services covered by the Transition Services Agreement.

"TRANSITION SERVICES AGREEMENT" means the Transitions Services Agreement dated the date hereof between the Parties relating to the Combined Business.

"TURKISH BUSINESS" means the Business as currently conducted by Delphi Teknik Oto Yan Sanayi Limited Sirketi at Bursa, Turkey.

"UAW" means the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America.

"UK BUSINESS" means the Business as currently conducted by Delphi Automotive Systems UK Limited at Nuneaton, England and Spondon Derby, England and to be transferred pursuant to the applicable Transfer Agreement.

"UNAUDITED STATEMENTS" has the meaning set forth in Section 4.1.11(a).

"UNITED STATES" means the 50 states and the District of Columbia of the United States of America.

"US ALLOCATION" has the meaning set forth in Section 2.7.1.

"US BUSINESS" means the Business as currently conducted by GM (through its Delphi Interior and Lighting Systems Division) at (i) its Auburn Hills, Michigan plant, Grand Rapids, Michigan plant, and customer support space at the Great Lakes Customer Center,

Flint, Michigan, and certain assets located in Juarez, Mexico, Rio Bravo, Mexico and Fuentes, Mexico, as set forth in the Schedules referred to in Section 4.1.5.

"US LEASED REAL PROPERTY" means all of GM's right, title and interest in and to each of the leasehold estates commonly referred to as the GM facility at Auburn Hills, Michigan, and the MLCG support space in Flint, Michigan.

"US OWNED REAL PROPERTY" means those properties identified on Schedule 4.1.15.A and all Improvements located thereon.

"US REAL PROPERTY" means for all purposes, other than Article 7 hereof, the US Leased Real Property and the US Owned Real Property, including Improvements and with respect to the US Owned Real Property only, together with (i) all rights, easements, tenements, hereditaments, appurtenances, privileges, immunities, mineral rights, and other benefits belonging or appertaining thereto which run with said real property, and (ii) all right, title and interest, if any, of GM in and to (A) any land lying in the bed of any street, road, avenue, open or proposed, adjoining said real property, (B) any award made or to be made in lieu of the land described in the preceding clause (A), (C) and unpaid award for damage to said real property, and (D) all strips and rights-of-way abetting or adjoining said real property, if any. The US Owned Real Property includes, without limitation, all Improvements located on the land described in the preceding sentence.

"US REAL PROPERTY LEASE" means each lease between the owner thereof as lessor and GM or relevant member of the GM Group as lessee of the US Leased Real Property.

"VAT" has the meaning set forth in Section 11.13.

"VESTIDURAS" means Delphi Vestiduras Fronterizas, S.A. de C.V., a corporation organized and legally existing under the laws of the Republic of Mexico.

Certain capitalized terms used throughout this Agreement, including without limitation those in Articles 5 and 7, have the meanings set forth herein. Unless the context of this Agreement otherwise requires, (a) words of any gender shall be deemed to include either gender, (b) words using the singular or plural number shall also include the plural or singular number, respectively, and (c) references to "hereof", "herein", "hereby" and similar terms shall refer to this entire Agreement.

1. CONVEYANCE OF THE ACQUIRED ASSETS AND THE SALE SECURITIES.

1.1. Acquired Assets.

1.1.1. Acquired US Assets.

Upon the terms and subject to the conditions set forth in this Agreement, at Closing, GM agrees to sell, transfer, assign, convey and deliver to Purchaser or a member of the Purchaser Group, and Purchaser or a member of the Purchaser Group agrees to purchase, accept and acquire from GM free and clear of all Liens (except Permitted Exceptions and Permitted Liens) all of the assets, rights and properties used or held for use primarily or exclusively in the US Business (collectively, the "Acquired US Assets"), including the US Owned Real Property; GM's interest as lessee in the US Leased Real Property; the Personal Property relating to the US Business; the Inventory relating to the US Business; the Contracts relating to the US Business; the Permits relating to the US Business; the Administrative Assets relating to the US Business; the Intellectual Property relating to the US Business; and the benefit of those prepaid expenses identified on Schedule 1.1.1.A subject in each case to Section 1.2, and in the case of the Intellectual Property, further subject to the pre-existing Contracts and rights of joint owners listed on Schedule 1.1.1.B. Schedule 1.1.1.c. lists the members of Purchaser Group who will be acquiring the Acquired US Assets and the specific Acquired US Asset to be acquired by such member.

1.1.2. Acquired European Assets.

Upon the terms and subject to the conditions set forth in the applicable Transfer Agreements and this Agreement, on the Closing Date, GM shall cause each of the Asset Sellers to sell, transfer, assign, convey and deliver to the Asset Purchasers and Purchaser shall cause each of the Asset Purchasers to purchase, accept and acquire from the Asset Sellers free and clear of all Liens, except as set forth in the applicable Transfer Agreement, certain of the assets, rights and properties used or held for use in the Europe Asset Business as set forth in the Transfer Agreements (collectively, the "Acquired European Assets"), and referred to in Schedule B.

1.2. Excluded Assets.

Notwithstanding anything to the contrary in Section 1.1 of this Agreement or the applicable Transfer Agreements, the following properties, assets and rights (the "Excluded Assets") shall not be included or deemed to be included in the Acquired Assets.

1.2.1. GM Bailed Assets.

The machinery, equipment, special tools or tooling, dies, molds, patterns, jigs, gauges, production fixtures and special material handling equipment identified on Schedule 1.2.1.A, and all and any customer dunnage and containers used by the Combined Business and owned by GM or a member of the GM Group (collectively, "GM Bailed Assets"). The GM Bailed Assets shall remain in the possession of the Seating Business at Closing and shall be provided to Purchaser and/or the relevant Asset Purchaser on a bailment basis for use in the operation of the Seating Business according to the existing terms of GM's purchase orders applicable to bailed assets set forth on Schedule 1.2.1.B, for the purpose of furnishing to GM, or other members of the GM Group, all or part of their respective requirements for Products.

1.2.2. Personnel and Medical Records.

All personnel and medical records of employees and former employees of any member of the GM Group who worked at any time for any reason at or in the Seating Business; provided, however, Purchaser will so far as legally permissible under applicable data protection, medical confidentiality or similar local laws be provided the originals of all personnel and medical records of employees of any member of the GM Group who have accepted employment with, or whose employment transfers (as a matter of local law) to Purchaser or any other member of the Purchaser Group pursuant to the sale hereunder, after posted written notice to such employees. All such personnel and medical records of such employees shall be books and records governed by Section 9.3.1 of this Agreement. Upon the written request of GM, Purchaser shall promptly return or cause the return of any and all of these records to GM (or another member of the GM Group as directed) at which time GM shall provide Purchaser or cause Purchaser to be provided with copies of the personnel and medical records of such employees. If an employee objects or does not consent to provision of personnel or medical records to Purchaser, the records will not be provided, except to the extent permitted by the applicable local law.

1.2.3. Third Party Assets.

All assets owned by third parties, including computer hardware or equipment and computer software, and located at the Owned Real Property or the Leased Real Property, as listed on Schedule 1.2.3. Data processing assets of any third party may be handled under a separate agreement with such third party. Any machinery, equipment, special tools or tooling, dies, molds, patterns, jigs, gauges, production fixtures, special material handling equipment, customer dunnage and containers owned by a third party OEM outside of the GM Group ("Other OEM Bailed Assets").

1.2.4. Certain Current Assets.

Cash, bank accounts, all and any accounts receivable or debts due to any member of the GM Group (whether or not then payable) and prepaid expenses (other than prepaid expenses specifically listed on Schedule 1.1.1.A) of the Seating Business as of Closing.

1.2.5. Certain Contracts.

Contracts or commitments for the borrowing or lending of money, credit cards issued to or through any member of the GM Group, lines of credit, or guarantees of indebtedness; letters of credit, performance or payment bonds, or guarantees of performance; or contracts or commitments with any investment banker, financial advisor, finder, or broker. Any such contract or commitment involving in excess of $200,000 is listed on Schedule 1.2.5.

1.2.6. Product Evaluation Vehicles. Pooled Vehicles.

Any vehicles assigned pursuant to GM's Product Evaluation Program, pooled, and work vehicles. Schedule 1.2.6 contains a brief description of such programs.

1.2.7. Tax Refunds.

Any refund of Taxes, or claim for refund of Taxes, of any kind relating to any period prior to the Closing Date, and any deferred Tax assets of any member of the GM Group.

1.2.8. Certain Real Property.

The (i) Great Lakes Customer Center, Flint, Michigan (other than the MLCG support space); (ii) the engineering building and administration building in Warren, Michigan; (iii) Lorna Hardware Shop; and (iv) any right, title or interest in the Leased Real Property as a lessor, sublessor or assignor.

1.2.9. Intellectual Property.

All patents, patent applications and inventions not used or held for use exclusively or primarily in the Combined Business; "GM", "Delphi" and all other trademarks, service marks, trade names and brand names of GM or any other member of the GM Group not used or held for use exclusively or primarily in the Combined Business; all know-how, proprietary rights, confidential information and copyrights not used or held for use exclusively or primarily in the Combined Business; and all licenses or sublicenses of intellectual property or technical information not used or held for use exclusively or primarily in the Combined Business; provided, however that Purchaser and other members of the Purchaser Group will have the rights and licenses contemplated in Section 9.8.

1.2.10. Privileged Information and Materials.

Information and materials protected by the attorney-client privilege (or its equivalent in jurisdictions outside the United States); environmental-related documents that are "GM Proprietary Documents" or "Privileged Documents", in each case as defined in Article 7 and the lack of which excluded information and materials are not material to the operation of the Business.

1.2.11. Insurance.

The benefit of any member of the GM Group's insurance policies relating to the operation of the Seating Business (including any right to proceeds thereunder).

1.3. Post-Closing Asset Deliveries.

If GM, in its reasonable discretion, determines after the Closing that books, records, or other materials constituting Acquired Assets are still in the possession of GM or any other member of the GM Group, GM shall or shall cause such other member of the GM Group to promptly deliver them to Purchaser (or as Purchaser may direct) at no cost to Purchaser or any member of the Purchaser Group. If Purchaser, in its reasonable discretion, determines after the Closing that books, records, or other materials not constituting Acquired Assets were delivered to Purchaser or any other member of the Purchaser Group, Purchaser shall or shall

cause such other member of the Purchaser Group to promptly return or cause the return of them to GM (or as it may direct) and GM will pay Purchaser's reasonable direct out-of-pocket costs.

1.4. Non-assignable Permits and Contracts.

1.4.1. Non-assignability.

To the extent that any Contract, Permit or Real Property Lease included in the Acquired Assets is not capable of being assigned to Purchaser at the Closing or without the consent, approval or waiver of the other party thereto or any third party (including a governmental unit, authority or department) or the issuer thereof, or if such assignment or attempted assignment would constitute a breach thereof, or a violation of any Law, this Agreement shall not constitute or be deemed to constitute an assignment thereof, or an attempted assignment thereof, unless and until any such consent, approval or waiver is obtained. All Contracts, Permits and Real Property Leases material to the operation of the Seating Business, which are not assignable or which may be assigned, transferred or conveyed only upon receipt of an appropriate consent, approval or waiver are listed on Schedule 1.4.1.

1.4.2. Efforts to Obtain Consents. Approvals and Waivers.

At Purchaser's request, GM shall and/or shall cause such other member of the GM Group (as appropriate) to use (in each case at GM's expense) all reasonable efforts, and Purchaser shall, at Purchaser's expense, cooperate and cause cooperation by such other member of the Purchaser Group with GM or other members of the GM Group (as appropriate), to obtain the consents, approvals and waivers and to resolve the impracticalities of assignment referred to in Section 1.4.1 as soon as reasonably practicable after the Closing; provided, however, that neither any member of the GM Group nor any member of the Purchaser Group shall be obligated to pay any consideration therefor to the third party from whom the consent, approval or waiver is requested.

1.4.3. If Waivers. Approvals or Consents Cannot be Obtained.

To the extent that the consents, approvals and/or waivers referred to in Section 1.4.1 are not obtained, or until the impracticalities of assignment referred to therein are resolved, the sole responsibility of the GM Group with respect to such matters, notwithstanding Section 1.1., shall be to, during the 18 month period (except with respect to certain assignable contracts covering the work of certain sub-contractors to Tarmac carrying out design for the works of the landlord for such property, in which case the period shall be 6 years) commencing with the Closing, use all reasonable efforts, at GM's expense, to: (i) provide to Purchaser the benefits of any Permit or Contract, all as referred to in Section 1.4.1, to the extent involving the Seating Business; (ii) cooperate in any reasonable and lawful arrangement designed to provide such benefits to Purchaser (but subject to Purchaser or any Asset Purchaser assuming the obligations thereunder and indemnifying GM (or such other relevant member of the GM Group) against all losses, liabilities. costs damages and proceedings arising out of, or as a consequence of the performance or non-performance of such Permit or Contract after the

Closing Date, without incurring any financial obligation to Purchaser or any Asset Purchaser other than to provide such benefits; and (iii) enforce for the account of Purchaser or any Asset Purchaser any rights of GM (or any other member of the GM Group) arising from or under the Permits, Contracts or Real Property Leases referred to in Section 1.4.1 against such issuer thereof or other party or parties thereto (including the right to elect to terminate in accordance with the terms thereof on the request of Purchaser).

1.4.4. Obligation of Purchaser to Perform.

To the extent that Purchaser or any Asset Purchaser is provided the benefits pursuant to Section 1.4.3 of any Permit, Contract or Real Property Lease, Purchaser shall perform or cause performance by the relevant Asset Purchaser(s), on behalf of GM or the relevant member of the GM Group, for the benefit of the issuer thereof or the other party or parties thereto the obligations of GM or the relevant member of the GM Group thereunder or in connection therewith, but only to the extent that: (i) such action by Purchaser or any Asset Purchaser would not result in any material default thereunder or in connection therewith; and (ii) such obligation would have been a liability assumed by Purchaser pursuant to Article 3 but for the non-assignability or non-transferability thereof, and if Purchaser or any Asset Purchaser shall fail to perform to the extent required herein, GM, without waiving any rights or remedies that it may have under this Agreement or applicable Laws, may immediately, after notifying Purchaser or the applicable Asset Purchaser and providing such entity a reasonable opportunity to cure such condition if such breach or failure to perform is curable, suspend its performance under Section 1.4.3 in respect of the instrument which is the subject of such failure to perform unless and until such situation is remedied.

1.5. Sale Securities.

With respect to the Sale Companies and JV Companies, upon the terms and subject to the conditions set forth in the applicable Transfer Agreements and this Agreement, on the Closing Date, GM shall cause each of the Securities Sellers to sell, transfer, assign, convey and deliver to the Securities Purchasers the Sale Securities and Purchaser shall cause each of the Securities Purchasers to purchase, accept and acquire such Sale Securities, in each case as set forth in Schedule 1.5.

2. PURCHASE PRICE.

As full payment for the Acquired Assets and the Sale Securities, the Purchaser agrees to, and agrees to cause the Asset Purchasers and the Securities Purchasers to, pay the Purchase Price to GM, the Asset Sellers and the Securities Sellers, as the case may be, in accordance with the terms of this Agreement and the Transfer Agreements.

2.1. Purchase Price.

The aggregate purchase price for the Acquired Assets and the Sale Securities shall be the Basic Price plus any amounts that may be payable pursuant to the Letter Agreement.

2.1.1. Basic Price.

"Basic Price" means an amount equal to Two Hundred Twelve Million One Hundred Thirty-Eight Thousand Three Hundred Fifty-Three US Dollars (US $212,138,353) (the "Estimated Basic Price") (i) minus the amount, if any, by which Productive Inventory on the Closing Date is less than the low end of (or plus the amount, if any, by which Productive Inventory on the Closing Date is more than the high end of) the Targeted Inventory Range, in each case determined in accordance with Section 2.3; and (ii) minus the amount, if any, by which the Net Worth Amount is less than (or plus the amount, if any, by which the Net Worth Amount is more than) the Expected Value, in each case determined in accordance with Section 2.4. The portion of the Basic Price to be paid by Purchaser, the Asset Purchasers and the Securities Purchasers for the Acquired US Assets, the Acquired European Assets and the Sale Securities will be as previously agreed to by the Parties. Any adjustment to the Basic Price pursuant to Section 2.3 shall be applied to the Basic Price for the Acquired Assets to which such adjustment relates. Any adjustments to the Basic Price pursuant to Section 2.4 shall be applied to the Basic Price for the Sale Securities to which such adjustment relates.

2.2. Closing Payment.

At Closing, Purchaser shall, and shall cause the Asset Purchasers and the Securities Purchasers to, pay to GM, an aggregate amount equal to the Estimated Basic Price (collectively, the "Closing Payment"). The Closing Payment will be paid at Closing by wire transfer in U.S. Dollars in immediately available funds to the account of GM at Citibank, New York City, pursuant to GM notice delivered to Purchaser prior to Closing.

2.3. Preparation of Closing Inventory Statement.

2.3.1. Within sixty (60) days of the Closing, GM shall deliver a statement of Productive Inventory existing at the Closing Date ("Closing Inventory Statement") to Purchaser accompanied by an audit report of Deloitte & Touche stating that: (i) they have audited the Closing Inventory Statement in accordance with generally accepted auditing standards; and (ii) in their opinion, the Closing Inventory Statement has been prepared in accordance with GAAP on the First In, First Out (FIFO) basis. It is understood that in applying GAAP for the Closing Inventory Statement all accounting methods, policies, practices, procedures, classifications, judgments and estimation methodologies shall be consistent with those used in the GM Accounting Procedures, except that the LIFO inventory reserve applicable to such GAAP financial statements shall not be applied to the Closing Inventory Statement. Contemporaneously, GM shall deliver to Purchaser a schedule setting forth a calculation of the Basic Price, as adjusted pursuant to clause (i) of Section 2.1.1, and the amount of any payment to be made, and by whom, pursuant to Section 2.5.

2.3.2. Purchaser and GM, each at its own expense, shall cooperate fully and shall use all reasonable efforts to cause their respective accountants and (as appropriate) those of their respective Affiliates to consult in advance in determining the proper procedures for taking inventories, and other matters. If so requested by Purchaser or any Asset Purchaser, GM for itself and on behalf of the applicable Asset Seller shall, and shall cause Deloitte & Touche to permit Purchaser and the applicable Asset Purchaser and their accountants to review the working papers of GM or of other relevant members of the GM Group and Deloitte & Touche relating to the Closing Inventory Statement (collectively, the "Inventory Working Papers"). GM shall, and shall cause each member of the GM Group to, allow the Purchaser, the applicable Asset Purchaser and their accountants to be present when the physical inventories that are the basis for the Closing Inventory Statement are taken.

2.3.3. In the event Purchaser is in disagreement with the Closing Inventory Statement or with GM's calculation of the Basic Price, Purchaser shall, within thirty (30) Business Days after receipt of the Closing Inventory Statement, the schedule setting forth the calculation of the Basic Price, the accompanying audit report, and if requested, the Inventory Working Papers, notify GM of such disagreements in writing, and failing service of any notice of disagreement as aforesaid, GM's calculation shall be final and binding on the Parties. If Purchaser and GM shall not have resolved all such disagreements within the next twenty (20) Business Days immediately following notice thereof by Purchaser, both GM and Purchaser shall immediately refer those items of disagreement to a three-member dispute resolution panel. The panel shall consist of the Chief Financial Officer, or his designee, of each Party, plus one person designated by them together. The panel may establish procedures for resolution of the disputes, including a requirement that reasonable requests made by one Party to the other for information shall be honored in order that each of the Parties may be advised of relevant facts. A majority decision of the dispute resolution panel shall control but shall not be binding unless the Parties agree in writing in advance of submittal that it shall be binding. Resolution of the matters in dispute shall be made as soon as practicable in accordance with this Agreement. Any cost and fee of such dispute resolution panel shall be shared equally by GM and Purchaser. Each Party agrees for itself and on behalf of the Asset Sellers and Asset Purchasers (respectively) not to seek other legal action with respect to the Closing Inventory Statement: (i) unless and until such efforts have been unsuccessful in resolving the dispute; (ii) at least sixty (60) days have elapsed after a written notice of disagreement was delivered to GM with respect to such matter; and (iii) the disputed amount, in the aggregate, for the Closing Inventory Statement and the Net Worth Statement, exceeds Two Hundred Thousand Dollars ($200,000).

2.3.4. The fees and expenses of Deloitte & Touche incurred pursuant to this Section 2.3 shall be paid by GM.

2.4. Preparation of Net Worth Statement.

2.4.1. As soon as possible following Closing, GM shall prepare and cause its accountants, Deloitte & Touche, to audit a balance sheet (the "Net Worth Statement") setting out (in aggregate terms) the net asset value of the Sale Companies (excluding the Polish Share Business) and JV Companies (multiplied in the case of each JV Company by the ownership percentage interest acquired by the applicable Securities Purchaser in such JV Company) taken together as at the Closing Date (the "Net Worth Amount"). The Net Worth Amount shall exclude any asset impairment adjustments, and the effects of remeasurement on the financial statements of the Turkish Business for the 10 month period ended August 31, 1998, recorded on the books of the Sale Companies and JV Companies, as the case may be. In calculating the Net Worth Amount, the financial statements of the Mexico Business shall exclude the values of the following accounts, instead replacing these balances with a total of $600,000 (Six Hundred Thousand Dollars) (USD):

GL 2923	Long-term Notes Receivables, Other Trade
GL 3500	Intangible Assets
GL 3700	Deferred Income Taxes, Noncurrent;

provided that there is no material change in the aggregate amounts of these accounts as listed in the Statement of Net Assets to be sold as of July 31, 1998 previously provided to Purchaser.

2.4.2. Within sixty (60) days of Closing, GM shall instruct Deloitte & Touche to deliver the Net Worth Statement to Purchaser, accompanied by an audit report of Deloitte & Touche stating that they have audited the Net Worth Statement in accordance with GAAS. It is understood that, in applying GAAP to the Net Worth Statement, all accounting methods, policies, practices, procedures, classifications, judgments and estimation methodologies shall be consistent with those used in the GM Accounting Procedures as these pertain to the Sale Companies and JV Companies, the Net Worth Amount shall exclude any impairment reserve recorded in the 1997 Audited Statements and the effects of remeasurement on the financial statements of the Turkish Business for the 10 month period ended August 31, 1998 shall not be applied to the Net Worth Statement set forth in this Section 2.4.2. Contemporaneously, GM shall deliver to Purchaser a schedule setting forth a calculation of the Basic Price, as adjusted pursuant to clause (ii) of Section 2.1.1, and the amount of any payment to be made, and by whom, pursuant to Section 2.5 on the books of the Sale Companies and JV Companies, as the case may be.

2.4.3. Purchaser and GM, each at its own expense, shall cooperate fully and shall use all reasonable efforts to cause their respective accountants and (as appropriate) those of their respective Affiliates to consult in advance in determining the

proper procedures for taking inventories, and other matters. If so requested by Purchaser or any Securities Purchaser, GM for itself and on behalf of the applicable Securities Seller shall, and shall cause Deloitte & Touche to permit Purchaser and the applicable Securities Purchaser and their accountants to review, the working papers of GM or of other relevant members of the GM Group and Deloitte & Touche relating to the Net Worth Statement (collectively, the "Net Worth Working Papers").

2.4.4. In the event Purchaser is in disagreement with the Net Worth Statement or with GM's calculation of the Basic Price, Purchaser shall, within thirty (30) Business Days after receipt of the Net Worth Statement, the schedule setting forth the calculation of the Basic Price, the accompanying audit report, and if requested, the Net Worth Working Papers, notify GM of such disagreement in writing, and failing service of any notice of disagreement as aforesaid, the Net Worth Statement shall be final and binding on the Parties. If Purchaser and GM shall not have resolved any such disagreement within the next twenty (20) Business Days immediately following notice thereof by purchaser, both GM and Purchaser shall immediately refer those items of disagreement to a three-member dispute resolution panel. The panel shall consist of the Chief Financial Officer, or his designee, of each Party, plus one person designated by them together. The panel may establish procedures for resolution of the dispute, including a requirement that reasonable requests made by one Party to the other for information shall be honored in order that each of the Parties may be advised of relevant facts. A majority decision of the dispute resolution panel shall control but shall not be binding unless the Parties agree in writing in advance of submittal that it shall be binding. Resolution of the matters in dispute shall be made as soon as practicable in accordance with this Agreement. Any cost and fee of such dispute resolution panel shall be shared equally by GM and Purchaser. Each Party hereby agrees for itself and for and on behalf of the Securities Sellers and Securities Purchasers (respectively) not to seek other legal action with respect to the Net Worth Statement: (i) unless and until such efforts have been unsuccessful in resolving the dispute; (ii) at least sixty (60) days have elapsed after a written notice of disagreement was delivered to GM with respect to such matter; and (iii) the disputed amount, in the aggregate, for the Closing Inventory Statement and the Net Worth Statement, exceeds Two Hundred Thousand Dollars ($200,000).

2.4.5. The fees and expenses of Deloitte & Touche incurred pursuant to this Section 2.4 shall be paid by GM.

2.5. Purchase Price Adjustment.

2.5.1. On the fifth (5th) Business Day following the determination of any adjustment to the Basic Price pursuant to Section 2.1 in accordance with the procedures set forth in Sections 2.3 or 2.4, either: (i) GM shall pay Purchaser the amount, if any, by which the Closing Payment exceeds the Basic Price; or (ii)

Purchaser shall pay GM the amount, if any, by which the Basic Price exceeds the Closing Payment, in either case, together with simple interest from the Closing Date to the date of payment at the Prime Rate in effect on the Closing Date, by wire transfer in U.S. dollars in immediately available funds to an account designated by the receiving Party. As used herein, "Prime Rate" means the rate of interest from time to time announced publicly by Citibank, N.A. at its offices in New York, New York as its base rate in the United States. In the event Purchaser, raises any objection to any information in the Closing Inventory Statement, the Net Worth Statement or the calculation of the Basic Price, Purchaser or GM (as appropriate), shall pay any undisputed amounts pursuant hereto; and any disputed amounts shall be paid at such time as objections are re solved in accordance with Section 2.3.3 or Section 2.4.4 hereof

2.6. Prorations. Adjustments of Expenses Following the Closing.

2.6. 1. Prorations.

(a) To the extent that any member of the GM Group makes any payment relating to the Seating Business prior to, on or following the Closing Date with respect to any item listed in sub-paragraph (b) below relating to periods following the Closing Date, Purchaser shall reimburse GM on a per diem basis, and

(b) To the extent Purchaser or any member of the Purchaser Group makes any payment relating to the Seating Business following the Closing Date with respect to any item listed below relating to periods on or prior to the Closing Date, GM shall reimburse Purchaser on a per diem basis, in each case for the following:

(i) water, wastewater treatment, sewer charges and other similar types of charges with respect to the Seating Business;

(ii) electric, fuel, gas, telephone and other utility charges;

(iii) payroll expenses (excluding, except as otherwise provided in the Transfer Agreements, vacation pay) and other employee-related payments (of whatsoever kind) or assessments, other than as expressly provided in the Transfer Agreement relating to the sale of the German Business, and installments on special benefit assessments, provided that such items will be prorated for periods after the Closing Date only with respect to employees of GM engaged in the US Business and Overseas Employees;

(iv) reimbursable employee business expenses;

(v) rentals and other charges under the Real Property Leases and other leases to be transferred to or assumed by the Purchaser or the relevant member of the Purchaser Group pursuant to this Agreement or the Transfer Agreements; and

(vi) payments and charges due pursuant to any Contract other than pursuant to collective bargaining agreements, Employee Benefit Plans, and employee payroll-related items except as set forth in Section 2.6.1.(b)(iii), Permit, commitment or other binding arrangement to which GM or any member of the GM Group is a party or is obligated and which are being assumed by the Purchaser or any member of the Purchaser Group pursuant to this Agreement.

In connection with the foregoing, at the Closing, GM shall deliver to Purchaser a list of all outstanding bills and invoices for, and the amount of electric, fuel, gas, and other utility charges due within thirty (30) days following the Closing, where the failure to pay such amounts within such 30-day period will result in termination of the relevant contract or in interest, penalties and/or late charges in excess of US $5,000 individually.

2.6.2. Further Assurance.

To the extent that, after Closing, any member of the GM Group, on the one hand, or any member of the Purchaser Group, on the other hand, receives any bill or other invoice for any of the items listed in Section 2.6.1 or similar items, relating to both pre-Closing and post-Closing periods, GM or Purchaser shall, or (as appropriate) shall cause such member of the GM Group and the Purchaser Group, respectively, within ten (10) Business Days send any such bill or invoice to the other Party. If necessary to avoid incurring interest, penalties and/or late charges, the Party, or its Affiliate, as the case may be, receiving any such bill or invoice shall pay all amounts shown to be due thereon, and shall invoice the other Party for all amounts owed by such other Party (or Affiliate thereof) thereunder, and such other Party shall, or shall cause an Affiliate thereof to, reimburse such amounts in accordance with Section 2.6.3.

2.6.3. Payments.

Any payments due under this Section 2.6 shall be made within five (5) days after the end of the month in which a bill or invoice is sent to a Party (or Affiliate thereof); provided, however, that the disputed portion of any such item shall be paid within five (5) days after the final determination thereof on an item-by-item basis. When either Party (or Affiliate thereof) makes a payment to a third party which is required to be reimbursed to such Party (or Affiliate thereof) by the other Party, the reimbursement payment shall be considered the repayment of an advance.

2.6.4. Prosecution of Claims.

Any Party liable for more than fifty percent (50%) of the amount apportioned or to be borne under this Agreement with respect to any item referred to in this Section 2.6 may, at its option, prosecute by litigation or administrative proceeding, at its sole expense and risk, including the obligation to pay such amount and full penalties thereon, if any, in the name of the other Party (or its Affiliate as appropriate) and receive any and all claims for refund, abatement or recovery without any subsequent obligation to remit or prorate any portion thereof to the other Party (or its Affiliate as appropriate). The other Party shall cooperate and (if applicable) shall cause its Affiliate to cooperate with any such prosecution of claims at the expense of the Party (or its Affiliate as appropriate) prosecuting such claim, but shall not be required to incur any risk or expense.

2.7. Allocation of Purchase Price with respect to Acquired Assets.

2.7.1. The Parties have previously agreed as to the allocation of the Basic Price and the Assumed Liabilities (and all other capitalized costs) relating to the US Business among the Acquired US Assets for all purposes (including financial, accounting and tax purposes) (the "US Allocation").

2.7.2. Purchaser and GM shall each report the federal, state and local income and other tax consequences of the purchase and sale contemplated hereby in a manner consistent with the US Allocation, including, if applicable, the preparation and filing of Forms 8594 under Section 1060 of the Code with their respective federal income Tax Returns for the taxable year which includes the Closing Date, and neither will take any position inconsistent with the US Allocation unless otherwise required under applicable law. GM shall provide Purchaser and Purchaser shall provide GM with a copy of any information required to be furnished to the Secretary of the Treasury under Section 1060 of the Code.

2.7.3. As regards the sale of the Acquired European Assets pursuant to the Transfer Agreements, Purchaser shall cause the Asset Purchasers and GM shall cause the Asset Sellers, to make all applicable filings and returns and ensure that such filings and returns are consistent with the allocations set forth in the Transfer Agreements and as previously agreed to by the Parties.

2.7.4. If the Parties cannot agree on the US Allocation, then if the Parties mutually agree, an independent third party will be retained at the shared cost of the Parties and the Parties will be bound by the US Allocation of that third party. If the Parties do not mutually agree to retain an independent third party, GM and Purchaser (and their

respective Affiliates) shall be free to make inconsistent filings or returns including Forms 8594.

3. ASSUMPTION OF LIABILITIES RELATING TO SEATING BUSINESS.

3.1. Assumed Liabilities.

At and as of the Closing and as additional consideration for the purchase of the Acquired Assets, Purchaser shall, or shall cause the relevant Asset Purchaser to, assume and agree to pay, perform and discharge the following obligations, liabilities and responsibilities of GM and other members of the GM Group with respect to the Seating Business ("Assumed Liabilities"):

(a) the obligations of the relevant member of the GM Group to be performed after the Closing under the Contracts, licenses, Permits and Real Property Leases included in the Acquired Assets and assigned, novated or otherwise transferred or to be transferred to Purchaser or any relevant member of the Purchaser Group pursuant to this Agreement and/or the Transfer Agreements;

(b) the obligation to pay for goods ordered in the Ordinary Course of Business by relevant member of the GM Group prior to the Closing Date that are necessary for use in the Seating Business and that are received by the relevant member or the Purchaser Group after the Closing Date;

(c) the obligations of GM or other relevant members of the GM Group to be assumed by Purchaser pursuant to Article 5 or the relevant Transfer Agreement; and

(d) environmental liabilities to be assumed by Purchaser pursuant to Article 7.

Purchaser will not assume any pre-Closing obligations or liabilities of any of GM or the Asset Sellers with respect to the Seating Business except the Assumed Liabilities or as otherwise specifically agreed pursuant to the terms of this Agreement or the Transfer Agreements.

3.2. Excluded Liabilities.

Without limiting the generality of Article 3, except for the Assumed Liabilities, Purchaser shall not assume or become liable and GM or the respective member of the GM Group shall continue to be responsible for any debts relating to the Seating Business, liabilities, obligations, or commitments of GM or any other member of the GM Group, whether contingent or otherwise, fixed or absolute, known or unknown, if and to the extent that such liability, obligation or commitment relates to the conduct of the Seating Business or the ownership of the Acquired Assets prior to the Closing Date, including all such debts, liabilities, obligations, or commitments relating to employment and employment practices, terms and conditions of employment, wages and hours, employee benefits, employment

discrimination, wrongful discharge, accounts payable and accrued liabilities (provided that responsibility for salaries and benefits shall be as set forth in Article 5 below), product liability claims for Products manufactured prior to the Closing Date, litigation, product returns, environmental liabilities within the parameters of Article 7 below, tax liabilities within the parameters of Sections 10.5 and 11. 13, license fees, utility charges and other pre-Closing obligations consistent with Section 2.6. Specifically, without limiting the foregoing, Purchaser shall not assume:

(a) any claim, action, suit, arbitration, grievance or proceeding relating to the Seating Business pending as of the Closing Date, notwithstanding the disclosure thereof in Schedules 4.1.6.A, 4.1.6.B, or pursuant to Article 5, except as provided in Section 5.11.

(b) any subsequent claim, action, suit, arbitration, grievance or proceeding to the extent arising out of or relating to such pending matters or any other event occurring on or prior to the Closing Date or resulting from the manner in which GM or any Asset Seller conducted the Seating Business on or prior to the Closing Date, except as provided in Section 5.11.

(c) any liability of GM or any Asset Seller for any federal, state, local or foreign income taxes for any periods prior to or subsequent to the Closing whether or not relating to the Seating Business;

(d) any obligation or liability arising from product warranty claims, with respect to Products manufactured or services rendered by GM or the Asset Sellers on or prior to the Closing Date; and

(e) any product liability claims, whether made before or after the Closing Date, to the extent such claims are based on design defects for Products made after the Closing Date but designed and validated with the customer prior to the Closing Date.

4. REPRESENTATIONS AND WARRANTIES.

4.1. Representations and Warranties of GM.

GM, for itself and on behalf of each of the Asset Sellers and Securities Sellers, represents and warrants to Purchaser, for itself and on behalf of the relevant Asset Purchasers and Securities Purchasers, as follows as of the date of this Agreement:

4. 1. 1. Corporate Data.

GM and each Asset Seller and Securities Seller is a corporation duly organized, validly existing, and to the extent legally applicable, in good standing under the laws of its jurisdiction of incorporation, and has the requisite corporate power and authority to own the

Acquired Assets and/or the Sale Securities owned by it and to carry on the Combined Business as presently conducted by each of them.

4.1.2. Corporate Power: Due Authorization.

GM and each Asset Seller and Securities Seller has the requisite corporate power and authority to execute and deliver this Agreement and/or the Ancillary Agreements to which it is a party, and to perform its respective obligations hereunder and thereunder and to consummate the transactions contemplated herein and therein. The execution, delivery, performance, and consummation of this Agreement and the Ancillary Agreements have been duly authorized by all necessary action on the part of GM and each of the Asset Sellers and the Securities Sellers. This Agreement and each Ancillary Agreement has been duly authorized, executed and delivered by GM and each Asset Seller and Securities Seller a party thereto and are valid and legally binding obligations of GM and each Asset Seller and the Securities Seller a party thereto, and enforceable against GM and each Asset Seller and Securities Seller a party thereto in accordance with their respective terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or proceedings affecting the enforcement of creditors' rights generally and by the availability of equitable remedies and defenses.

4.1.3. Qualification.

Each of GM and each Asset Seller, Securities Seller, Sale Company and JV Company is duly qualified or licensed to do business in all jurisdictions where it owns or leases Real Property or maintains stocks of business inventories relating to the Combined Business, except with respect to jurisdictions where the failure to be so qualified or to be so licensed would not have a Material Adverse Effect and, in the case of each Sale Company and JV Company, a material adverse effect on such company.

4.1.4. Sufficiency of Acquired Assets.

(a) The Acquired Assets, together with the Technical Information and Intellectual Property rights to be licensed from GM to Purchaser and/or obtained from third parties pursuant hereto and the Excluded Assets constitute all properties and assets the use of which is necessary for the continued conduct of the Seating Business as it is now being conducted.

(b) The Transition Services to be provided pursuant to the Transition Services Agreement, the corporate overhead services currently provided by GM or relevant members of the GM Group as referred to in Schedule 4.1.4, and the Excluded Assets, together constitute all services, the use of which is necessary for the continued conduct of the Seating Business as it is now being conducted.

4.1.5. Assets

(a) GM and/or relevant members of the GM Group has/have good and valid title to the Personal Property and Inventory included in the Acquired Assets or (as appropriate) forming part of the assets of the sale companies or JV Companies as at the date of this Agreement in each case, free and clear of any Lien, except: (i) purchase money security interests arising in the Ordinary Course of Business; (ii) security interests relating to progress payments created or arising pursuant to government contracts set forth on Schedule 4.1.5.A; (iii) security interests relating to vendor tooling arising in the Ordinary Course of Business; or (iv) as set forth on Schedule 4.1.5.A ("Permitted Liens"). At the Closing on the Closing Date, GM or the relevant Asset Seller will, subject to the receipt of the Closing Payment pursuant to Section 2.2, sell, transfer, assign, convey and deliver to Purchaser or the relevant Asset Purchaser good and valid title to the Personal Property and Inventory included in the Acquired Assets, in each case free and clear of any Liens except Permitted Liens.

(b) Schedule 4.1.5.B sets forth a list of substantially all machinery, equipment and capitalized tools included in the Acquired Assets or forming part of the assets of the Sale Companies or the JV Companies.

(c) The Inventory will, as of the Closing Date, be of usable and merchantable quality, except as disclosed in the Closing Inventory Statement or the Net Worth Statement, consistent with Inventory levels necessary, in GM's reasonable opinion, to support the Combined Business. All finished goods included in the Inventory are saleable in the Ordinary Course of Business and will, on the Closing Date, be of such quality as to meet or exceed GM's existing quality control standards and any applicable governmental quality control standards, as applied by GM in its normal and customary manufacturing procedures.

(d) The Personal Property and Real Property included in the Combined Business being transferred to Purchaser have been maintained in the Ordinary Course of Business and are in such condition (considering age and purpose for which used) as to enable the Business to be conducted as currently conducted without material disruption.

(e) Except for obligations to repair or replace, no payments are required with respect to the GM Bailed Assets or the Other OEM Bailed Assets. The Other OEM Bailed Assets are provided on such third party's existing terms and shall be in the possession of the Seating Business at Closing.

4.1.6. Litigation.

(a) Except as identified on Schedules 4.1.6.A, or 4.1.7.B, or disclosed pursuant to Article 5, there is no significant action at law or in equity; no arbitration proceeding; action, proceeding, complaint or investigation before or by any

federal, foreign, state or local governmental or regulatory commission, agency or other administrative or regulatory body or authority, pending, or to GM's knowledge, threatened by or against (i) GM or any of its Affiliates with respect to the Combined Business, (ii) the operations, business or affairs of the Combined Business, (iii) any of the Acquired Assets, or (iv) GM's or any member of the GM Group's right to own the Acquired Assets or operate the Combined Business.

(b) Except as identified on Schedule 4.1.6.B, there is no significant labor dispute, arbitration, grievance, strike or written request for union representation pending, or to the knowledge of any member of the GM Group, threatened against GM or any member of the GM Group with respect to the Combined Business or affecting the Combined Business or the Combined Business' operations, and neither GM nor any member of the GM Group knows of any occurrence or any events which would give rise to any such labor dispute, arbitration, grievance, strike or written request for representation.

4.1.7. Intellectual Property and Technical Information.

(a) Schedules 9.8.5.A, 9.8.5.B, 9.8.6.A, 9.8.6.B, 9.8.8, 9.8.9 and 4.1.7.A list all Intellectual Property (including, without limitation, issued patents, applications, divisions, continuations and continuations-in-part, reissues and patents of addition, but excluding Technical Information) which is used or held for use exclusively or primarily in the conduct of the Combined Business. Schedules 9.8.5.A, 9.8.5.B, 9.8.6.A, 9.8.6.B and 9.8.8 identify all foreign patents and patent applications owned by GM corresponding to the United States patents and patent applications listed on those schedules. Subject to rights granted to others pursuant to Contracts listed on Schedule 1. 1.1.B, GM warrants that it has the right to transfer the Intellectual Property included in the Acquired Assets.

(b) Except as listed on Schedule 4.1.7.B, none of the Intellectual Property has been knowingly misappropriated from anyone else; neither GM nor any of its Affiliates has received claim or notice that the use of the Intellectual Property infringes or results in a product that infringes upon the rights of anyone else, and neither GM nor any of its Affiliates is aware that any such infringement exists; neither GM nor any of its Affiliates is aware that any infringement or improper use by anyone else of the Intellectual Property exists, and there is no action or proceeding instituted by or on behalf of GM or any of its Affiliates in which an act constituting an infringement of any of the rights to the Intellectual Property was alleged to have been committed by anyone else; and, neither GM nor any of its Affiliates has knowingly taken or omitted to take any action which would have the effect of waiving any rights to the Intellectual Property, the waiver of which would adversely affect the conduct of the Combined Business or the use of the Acquired Assets or allow anyone

else to compete more effectively with the Combined Business than it now does.

(c) Except for the Intellectual Property listed on Schedule 9.8.3.A, 9.8.3.B, 9.8.5.A, 9.8.5.B, 9.8.6.A, 9.8.6.13, 9.8.8, and 9.8.9, and 4.1.7.A, the Technical Information, and the Excluded Assets listed in Section 1.2.9, neither GM nor any of its Affiliates owns, directly or indirectly, in whole or in part, any Intellectual Property, invention, proprietary right, or brand name (i) which GM or any of its Affiliates is presently using in the conduct of the Combined Business; (ii) the use of which is. necessary for the Combined Business; or (iii) which pertains to the art in which the Combined Business is engaged.

4.1.8. Compliance with Other Instruments and Laws: Permits.

Neither GM nor any other member of the GM Group is in violation of any term of any charter, by-law, mortgage, indenture, instrument, Permit or agreement (including employment agreements and national or local bargaining agreements), or of any judgment, decree, or order which names GM (or any other member of the GM Group), or in violation of any term of any other instrument, contract, or agreement, which violation, in either case, would have a Material Adverse Effect. No Sale Company or JV Company is in violation of any term of its charter, by-laws or organizational documents or any judgment, order or decree applicable to it. Except as provided on Schedules 4.1.6.A, 4.1.6.B or Schedule 4.1.8.A, the Combined Business is in compliance in all material respects with all Laws and Permits applicable to the conduct of the Combined Business. All Permits necessary for the conduct of the Combined Business and the ownership and operation of the Acquired Assets, as listed on Schedule 4.1.8.B have been duly obtained, and, except as indicated on Schedule 4.1.8.A, are in full force and effect, and there is no action, suit, claim, proceeding or investigation, pending or, to GM's knowledge, threatened against or affecting GM or any member of the GM Group, which may result in the revocation, cancellation or suspension, or any materially adverse modification, of any such Permit. The execution, delivery and performance of, and compliance with, this Agreement and the Ancillary Agreements will not result in any such violation or be in conflict with or constitute a default under any of the foregoing.

4.1.9. Brokers.

Neither GM nor any member of the GM Group has employed any finder, broker, agent, or other intermediary in connection with the negotiation or consummation of this Agreement, any Ancillary Agreement or any of the transactions contemplated hereby, other than Morgan Stanley & Co. which is acting for GM and whose fees and expenses will be paid by GM.

4.1.10. Consents.

No consent, approval, order, authorization of, or registration, declaration, or filing with, any governmental or judicial agency, body or authority or any other third party is required in order to give effect to the valid execution, delivery, and performance of this Agreement and the Ancillary Agreements by GM or any relevant member of the GM Group or the

consummation by GM or any relevant member of the GM Group of the transactions contemplated hereby and thereby, except for: (i) the consents relating to Contracts or Permits, as referred to in Section 1.4.1; (ii) filings, consents and approvals required under local law for the transfer to Purchaser or the relevant Asset Purchaser or Securities Purchaser of Acquired Assets or Sale Securities located outside of the United States as set forth on Schedule 4.1.10; and (iii) filings and consents required for the transfer to Purchaser of the Owned Real Property, and Leased Real Property as set forth on Schedule 4.1.10 and (iv) filings and consents required for transfer to Purchaser of the Intellectual Property.

4.1.11. Financial Statements.

(a) GM has delivered to Purchaser: (i) in the case of each of the Sale Companies and JV Companies, unaudited balance sheets and income statements as of December 31, 1997, attached hereto as Schedule 4.1.11.A; (ii) unaudited pro forma income statements for the Combined Business for the seven (7) month period ended July 31, 1998, attached hereto as Schedule 4.1.11.B; and (iii) in the case of each of the Sale Companies and JV Companies, unaudited balance sheets and income statements as of July 31, 1998 attached hereto as Schedule 4.1.11.C. The unaudited financial statements referred to in the foregoing clauses (i), (ii) and (iii) are referred to collectively as the "Unaudited Statements".

(b) The Unaudited Statements were derived from the accounting books and records of GM and other members of the GM Group and were prepared using the same accounting methods, policies, practices and procedures, including classifications and methodologies, which are consistent with those used historically by GM or the appropriate member of the GM Group with respect to its respective portion of the Combined Business ("GM Accounting Procedures"). The books and records of the Combined Business are accurate and complete in all material respects with respect to the purpose for which they were prepared. With respect to the plant level financial information, GM Accounting Procedures are in accordance with GAAP. Certain other assets, liabilities and costs which may be allocable to certain portions of the Combined Business are recorded in consolidation at GM, and are not included in, or may be only partially allocated to the plant financial statements.

(c) The Unaudited Statements constitute an accurate record of the financial affairs of the Combined Business in accordance with GM Accounting Procedures, and accurately set forth such financial information in the Unaudited Statements of the Combined Business in accordance with the books and records of GM. The Unaudited Statements present fairly, in all material respects, the financial position and results of operations of the Combined Business at the dates and for the periods indicated therein in accordance with GM Accounting Procedures.

(d) On the date of its most recent balance sheet included in the Unaudited Statements, each Sale Company and JV Company had no liabilities that were not fully disclosed, reflected or reserved against in such balance sheet in accordance with GAAP, and except for liabilities incurred in the Ordinary Course of Business, since the date of such balance sheet, no Sale Company or JV Company has incurred any liabilities required to be disclosed in accordance with GAAP. Except as reflected in the Unaudited Statements, (i) since July 31, 1998 no Sale Company or JV Company has declared, paid or agreed to declare or pay any dividend or other distribution to holders of its capital stock and (ii) no such dividend or distribution is currently payable.

(e) Except to the extent of reserves therefore in the Net Worth Statement, (i) JCI accounts receivables, if any, currently on the books of the Turkish Business and the Mexico Business are collectible in the Ordinary Course of Business with respect to such receivables and (ii) the accounts receivable of each Sale Company and each JV Company have arisen in the Ordinary Course of Business and are reflected in accordance with GAAP. Lear will use reasonable efforts to collect JCI receivables.

4.1.12. Events Subsequent to Latest Annual Financial Statements.

Except as shown on Schedule 4.1.12, since December 31, 1997, the Combined Business has been conducted and carried on only in the Ordinary Course of Business and neither GM nor any member of the GM Group has, with respect to its respective portion of the Combined Business (and other than in the Ordinary Course of Business or as disclosed to Purchaser by GM in connection with this transaction or consented to by Purchaser): (i) incurred any material obligations or liabilities or entered into any material transaction, contract or commitment; (ii) mortgaged, pledged, or subjected any of the Acquired Assets or assets forming part of the assets of the Sale Companies or JV Companies to any Lien other than a Permitted Lien; (iii) acquired or disposed of material assets or properties, or entered into any agreement or other arrangement for any such acquisition or disposition; (iv) forgiven or canceled any debts or claims or waived any rights of a material value other than in the normal operation of its credit policies; (v) entered into or significantly amended any distributorship arrangements; (vi) suffered any damage, destruction, or loss, in any case or in the aggregate (whether or not covered by insurance), having a Material Adverse Effect; (vii) suffered any other Material Adverse Effect; (viii) changed any accounting methods or practices (including, without limitation, any change in depreciation or amortization policies or rates) used with respect to the Combined Business; or (ix) agreed to do any of the items set forth above in clauses (i) through (viii).

4.1.13. Contracts.

(a) Except as listed on Schedule 1.1.1.B or 4.1.13.A neither GM nor any other member of the GM Group is, in respect of the Combined Business, a party to, or subject to, any oral or written:

(i) contract or commitment for purchase, sale or lease (other than contracts described in clause (iii) below) of tangible personal property involving any receipt to or expenditure by GM of more than US $200,000 or which has a term extending beyond one (1) year after the date of this Agreement without the right on the part of GM or other member of the GM Group to cancel such contract or commitment by thirty (30) days' or less notice without any liability to GM or other member of the GM Group;

(ii) contract to obtain services involving any expenditure by any member of the GM Group of more than US $200,000;

(iii) contract for the sale or lease of, or warranty relating to, the Combined Business' Products or the furnishing of its services that (a) contains significant additional or substantially different terms than GM's standard forms, or (b) involves an aggregate amount reasonably expected to be paid or received in connection therewith exceeding US $200,000;

(iv) sales agency, sales representative, broker, distributor, or similar contracts which cannot be canceled without payment of any premium or penalty upon notice of 60 days or less, involving in excess of $200,000;

(v) equity joint venture, joint research or development, joint financing, teaming or partnership contract or arrangement or any other agreement involving the sharing of profits;

(vi) guarantee, performance bond, surety, indemnification or similar commitments relating to the performance of any obligation by any person or entity other than a member of the GM Group in respect to the Combined Business, involving in excess of $200,000, or otherwise necessary for the operation of the Combined Business;

(vii) plans, contracts or agreements pursuant to which a member of the GM Group, with respect to the Combined Business, has any obligation in excess of US $200,000 to the persons listed on Schedule 5.1 I.A; and

(viii) other Contract(s) of the Combined Business involving in excess of $200,000.

(b) Except as disclosed on Schedule 4.1.13.B, each of the Listed Contracts is valid and in full force and effect according to its terms; no notice of termination thereof or material default thereunder has been sent or received by any member of the GM Group and neither any member of the GM Group, nor, to GM's knowledge, any other party to any of the Listed Contracts, is (or with

notice or lapse of time would be) in material breach thereof; there are no material unresolved disputes under any of the Listed Contracts. Except as set forth in Schedule 4.1.13.B, the Contracts in respect of the Combined Business were entered into in the Ordinary Course of Business.

(c) Schedule 4.1.13.C or any schedule provided for in Article 5 lists all collective bargaining agreements with any labor union or other representative of employees connected with the Combined Business (including national and local agreements, amendments, supplements, letters, and memoranda of understanding of any kind).

(d) GM has previously made available to Purchaser (i) copies of all written Listed Contracts and agreements listed on Schedule 4.1.13.C, (ii) a written description of any oral Listed Contract, and (iii) copies of GM's standard forms, if any, for contracts for the sale or lease of, and warranties relating to, the Products of the Combined Business, or the furnishing of its services.

4.1.14. Regulatory Matters.

Except as set forth on Schedule 4.1.14, no member of the GM Group is required to file or otherwise provide reports or data, other information, or applications with respect to the Products manufactured by the Combined Business with any federal, state, national or local governmental authorities or departments (whether in the United States or elsewhere) with jurisdiction over the manufacture, use, or sale of such Products, and no regulatory approvals are required with respect to such Products.

4.1.15. Real Property.

4.1.15.A US Real Property

(a) The US Owned Real Property and US Leased Real Property described on Schedules 4.1.15.A. and 4.1.15.B., respectively, constitute, together with the excluded US Real Property referred to in Section 1.2.8, all of the US Real Property used or held for use primarily or exclusively in relation to the US Business and forming part of the sale under this Agreement or on which the US Acquired Assets are located. Except for Permitted Exceptions, GM has good, marketable and insurable title to the US Owned Real Property, free and clear of all leases, covenants, conditions, restrictions, reservations, reversions, licenses, easements, mortgages and other security interests, liens, claims, charges, options, rights of purchase and other encumbrances (collectively "Restrictions"). Except as disclosed on Schedule 4.1.15.C. no member of the GM Group is, in respect of the US Business, a party to any contract or option to purchase, sell, assign or otherwise acquire or dispose of, or to grant or create any restriction on or affecting any US Real Property, and since December 31, 1997, no member of the GM Group has in respect of the US

Business purchased, sold, assigned or otherwise acquired or disposed of any real property used in respect of the US Business.

(b) Except for the US Leased Property Leases, there is no US Real Property leased by GM or its Affiliates which is used or held for use primarily or exclusively in the US Business.

(c) Except as disclosed on Schedule 4.1.15.D the US Owned Real Property and US Leased Real Property are adequately serviced by all utilities necessary for the effective operations of the US Business as currently operated.

(d) No condemnation or eminent domain proceedings have been initiated by service of process on any member of the GM Group which relate to the US Owned Real Property or the US Leased Real Property, and no such proceedings are, to the best knowledge of any member of the GM Group, threatened or have been filed by any relevant governmental authority with respect to the US Owned Real Property or the US Leased Real Property.

(e) None of the members of the GM Group have received written notice of a material uncured default under or that existing Improvements materially violate any of the covenants, restrictions, rights-of-way, licenses, agreements or easements affecting title to or relating to the use of the US Owned Real Property or the US Leased Real Property and except as disclosed by the Survey, nor has any member of the GM Group received any notice of any material fence dispute, boundary dispute, boundary line question, water dispute, or drainage dispute concerning or affecting the US Owned Real Property.

4.1-15.B European Real Properties

(a) The European Owned Real Property and European Leased Real Property, respectively, constitute, together with the Excluded European Real Property described on Schedule 4.1.15.G, all of the real property currently used in relation to the material operation of the Europe Business, the Sale Companies and the JV Companies and, as regards the Acquired European Assets, on which the Acquired European Assets are located , except for the Excluded European Real Property and which form part of the sale pursuant to the terms of the applicable Transfer Agreements. Except for Permitted Exceptions, GM has good, marketable and insurable title to the European Owned Real Property, free and clear of Restrictions. Except as disclosed on Schedule 4.1.15.E, no member of the GM Group is, in respect of the Europe Business, a party to any contract or option to purchase, sell, assign or otherwise acquire or dispose of, or to grant or create any restriction on or affecting any European Real Property, and since December 31, 1997, no member of the GM Group has in respect of the Europe Business purchased, sold, assigned or otherwise acquired or disposed of any real property used in respect of the Europe Business.

(b) Except for the European Real Property and the Excluded European Real Property, there is no real property leased by GM or its Affiliates which is used or held for use primarily or exclusively in the Europe Business.

(c) The European Owned Real Property and European Leased Real Property are adequately serviced by all utilities necessary for the effective operations of the Europe Business as currently operated.

(d) Except for Permitted Exceptions no compulsory purchase or enforcement proceedings have been initiated by service of process on any member of the GM Group which relate to the European Owned Real Property or the European Leased Real Property, and no such proceedings are, to the best knowledge of any member of the GM Group, threatened or have been filed by any relevant governmental authority with respect to the European Owned Real Property or the European Leased Real Property.

(e) None of the members of the GM Group have received written notice of a material breach of the covenants, restrictions, rights-of-way, licenses, agreements or easements affecting title to or relating to the use of the European Owned Real Property or the European Leased Real Property, nor has any member of the GM Group received any notice of any material fence dispute, boundary dispute, boundary line question, water dispute, or drainage dispute concerning or affecting the European Owned Real Property.

(f) for the purpose of this sub-section 4.1.15.B(f) the term "Permitted Exceptions" shall be deemed to have been amended as follows:

aa) at sub-section (a) of the definition the words "not yet delinquent" shall be deleted;

(bb) at sub-section (b) of the definition the words "inchoate mechanic's, material person's, laborer's and carrier's lien and other similar inchoate" shall be deleted;

(cc) at sub-section (c) of the definition the words "full structural" shall be inserted before the word "survey";

(dd) at sub-section (e) of the definition the words "which do not interfere with the current use of the Owned Real Property" shall be deleted and replaced by the words "or otherwise which would be revealed by appropriate searches and inquiries of the local and other relevant authorities and registers";

(ee) at sub-section (f) of the definition, the words "Schedule 4.1.15.C" shall be deleted and replaced with the words "Schedue 4.1.15.E";

(ff) at sub-section (g) of the definition the word "zoning" shall be deleted and replaced by the word "planning";

(gg) at sub-section (h) of the definition the words "or otherwise disclosed" shall be inserted after the words "Schedule 6.2";

4.1.16. Tax Matters.

For the avoidance of doubt, Section 4.1.16(a) to (c) inclusive only applies to the Seating Business and Sections 4.1.16(d) to (p) inclusive only apply to the Sale Companies and the JV Companies.

For purposes of this Section 4.1.16, the terms Sale Companies and JV Companies shall include any subsidiary, any predecessors, or any person or other entity from which the Sale Companies or the JV Companies incur a successor liability for Taxes as a result of transferee or joint and several liability. Except as disclosed on Schedule 4.1.16:

(a) There are no Liens for Taxes upon any of the Acquired Assets and no event has occurred which with the passage of time or the giving of notice or both, could reasonably be expected to result in a Lien for Taxes on any of the Acquired Assets.

(b) None of the Acquired US Assets is tax exempt use property under the Code. None of the Acquired US Assets is property that is required to be treated as being owned by any other person pursuant to the safe harbor lease provision of former Code section 168 (f)(8).

(c) No portion of the cost of any of the Acquired US Assets was financed directly or indirectly from the proceeds of any tax-exempt state or local government obligation described in Code section 103(a).

(d) Each JV Company and Sale Company has paid or accrued all Taxes that have become due and are under no liability to pay any penalty, interest, surcharge or fine in connection with any Taxes other than any penalty, interest, surcharge, or fine which has been recorded on the Net Worth Statement.

(e) Each JV Company and Sale Company has punctually filed all such tax returns, given all such notices, provided all such information and maintained all such records in relation to Taxes as are required to be filed or provided by each JV Company and Sale Company for all jurisdictions and for all years in which any such returns, notices, or information were required. To the knowledge of GM, all tax returns are accurate in all material respects.

(f) Each JV Company and Sale Company has duly complied with its obligations in relation to pay as you earn or employment Tax and earnings-related or other social security contributions and its reporting obligations to its relevant Tax

authority in connection with any salary or benefits provided to employees and directors of each JV Company and Sale Company.

(g) Each JV Company and Sale Company is duly registered for value added or sales tax and has made, given, obtained and kept full, complete, correct and up-to-date records, invoices and other documents appropriate or required for the purposes thereof and is not in arrears with any payment or returns due thereunder.

(h) All documents which are required to be stamped or notarized and are in the possession of the JV Companies or Sale Companies or by virtue of which the JV Companies or Sale Companies have any material right have been duly stamped or notarized.

(i) None of the JV Companies or the Sale Companies have executed or filed with any taxing authority any agreement extending or having the effect of extending the period for assessment, reassessment, collection of any Taxes and no power of attorney granted by any of the JV Companies or the Sale Companies with respect to Taxes is currently in force.

(j) No audits or other administrative proceedings or court proceedings are presently pending with respect to any Taxes or tax returns of any of the JV Companies or the Sale Companies.

(k) None of the JV Companies or the Sale Companies has entered into any agreement with the relevant taxation authority relating to Taxes which affects any taxable year ending after the Closing Date.

(l) None of the JV Companies or the Sale Companies are parties to any tax sharing or other agreement regarding the sharing of Taxes that is in effect after the Closing Date.

(m) Each JV Company and Sale Companies is a foreign person within the meaning of Code section 1445.

(n) None of the JV Companies or the Sale Companies have a permanent establishment or conduct a trade or business in any country other than the country in which they are incorporated.

(o) None of the JV Companies or the Sale Companies has any application pending with any taxing authority requesting permission for any changes in accounting methods that relates to its business or operations and that affects any taxable year ending after the Closing Date.

(p) No elections under the "check-the-box" regulations contained in Treasury Regulation 301.7701-1 have been made with respect to any of the JV Companies or Sale Companies.

4.1.17. No Conflicts.

Neither the execution, delivery and performance of this Agreement or the Ancillary Agreements by GM, the Asset Sellers or the Securities Sellers nor the consummation of the sale of the Acquired Assets or the Sale Securities or any other transaction contemplated by this Agreement or the Ancillary Agreements, does or will:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the articles of incorporation or by-laws of GM, an Asset Seller or Securities Seller;

(b) subject to obtaining the consents, approvals and waivers, making the filings and giving the notices disclosed on Schedule 4.1.17.B, conflict in any material respect with or result in a material violation or breach of any term or provision of any applicable Law other than such conflicts, violations or breaches as would occur solely as a result of the legal or regulatory status of Purchaser or any of its Affiliates; or

(c) except as disclosed on Schedule 4.1.17.C, (i) conflict in any material respect with or result in a material violation or breach of, (ii) constitute a material default under, (iii) require GM, an Asset Seller or a Securities Seller to obtain any such consent, approval or waiver of, make any filing with or give any notice to any Person as a result or under the terms of, or (iv) result in the creation or imposition of any Lien, other than Permitted Liens, upon GM, an Asset Seller or a Securities Seller or any of their respective assets and properties (including the Acquired Assets and the Sale Securities) under any Contract or Permit to which any of them is a party or by which any of their respective assets and properties is bound.

4.1.18. Employee Pension Benefits Plans.

The Internal Revenue Service has issued a favorable determination letter with respect to each Employee Pension Benefits Plan (a) that is sponsored by GM from which assets will be transferred to an Employee Pension Benefits Plan sponsored by the Purchaser and (b) that is intended to be qualified under Section 401(a) of the Code, and to GM's knowledge, no circumstances exist and no events have occurred that are likely to adversely affect such qualified status. GM has provided Purchaser with a copy of each such determination letter.

4.1.19. Related Party Transactions.

Except for the Transition Services, the Component Supply Agreement, related party transactions listed on Schedules 1.4.1, 4.1.4 and 4.1.13.A, sales of Product to GM and the

other members of the GM Group, and matters referred to in Schedule 4.1.19, neither GM nor any of its Affiliates has any other business relationships (as lessor, supplier, customer or otherwise) with the Combined Business.

4.1.20. Full Disclosure.

Except as expressly disclosed to Purchaser, the Financial Statements and other Schedules hereto (i) are true and complete in all material respects and (ii) do not contain any untrue statement of a material fact and (iii) to GM's Knowledge do not omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the context in which made, not materially false or misleading.

4.1.21. Awarded Business.

The Combined Business has been awarded lifetime contracts for certain GM programs, as described in the Component Supply Agreement. The information relating to products and prices set forth in the Supply Schedule attached as Exhibit A to the Component Supply Agreement is accurate in all material respects.

4.1.22. Absence of Other Representations or Warranties.

Except for the representations and warranties expressly set forth in this Agreement and the Ancillary Agreements, GM, the Asset Sellers and the Securities Sellers make no representations or warranties, express or implied, with respect to the Acquired Assets, the Assumed Liabilities, the sale of the Sale Securities or the Combined Business, and in particular but without limitation GM, the Asset Sellers and the Securities Sellers are making no representations with respect to any plan(s) of Purchaser for the future conduct of the Combined Business. For the avoidance of doubt, no warranty or representation is given on the contents of the Confidential Offering Memorandum dated November 1997, on any other documents or other information not contained in this Agreement or the Ancillary Agreements, or on any projected volumes of the Combined Business, all which were produced only for information purposes.

4.1.23. Capitalization of Sale Companies and JV Companies and Related Matters.

(a) Each Sale Company and JV Company is a corporation duly authorized, validly existing and, to the extent legally applicable, in good standing under the laws of its jurisdiction of incorporation and has the requisite corporate power and authority to own or lease its properties and to carry on the Combined Business as presently conducted by each of them. Each Sale Company and JV Company is duly qualified to do business in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified would not have a material adverse effect on such company.

(b) Schedule 4.1.23.B sets forth (i) the total authorized capital stock of each Sale Company and JV Company and the par value thereof and (ii) the total issued and outstanding capital stock of each Sale Company and JV company and the owner thereof. The Sale Securities constitute the only shares of capital stock of the Sale Companies and JV Companies which are issued and outstanding other than as set forth on Schedule 4.1.23.B in respect of the JV Companies. No Sale Company or JV Company holds any of its shares of capital stock in its treasury.

(c) Except as set forth on Schedule 4.1.23.B, (i) each Sale Company and JV Company is wholly owned by the relevant Securities Seller, and (ii) the Sale Securities are duly authorized, validly issued, fully paid up and non-assessable and are not subject to any preemptive rights, and, (iii) there are no voting trust agreements or other contracts, agreements or arrangements restricting voting or dividend rights or transferability with respect to the Sale Securities.

(d) Except as set forth on Schedule 4.1.23.B, there is no outstanding security, right, subscription, warrant, option, privilege or other agreement, commitment or contract, preemptive, contractual or otherwise that gives the right to (i) purchase or otherwise receive or be issued any share capital of a Sale Company or a JV Company or any security of any kind convertible into or exchangeable or exercisable for any share capital of a Sale Company or a JV Company; or (ii) receive or exercise any benefits or rights similar to any rights enjoyed by or accruing to a holder of share capital of a Sale Company or a JV Company, including any rights to participate in the equity or income of a Sale Company or a JV Company, or to participate in or direct the election of any directors of a Sale Company or a JV Company or the manner in which any share capital of a Sale Company or a JV Company are voted.

(e) Each Sale Company and JV Company has no interest in the share capital of any other Person.

(f) Each Securities Seller owns and has good and valid title to the relevant Sales Shares or the relevant JV Shares free and clear of all Liens or other adverse interest of any kind or nature whatsoever.

4.1.24. Additional Disclosure

Additional disclosures relating to certain representations and warranties, as to which schedules were not contemplated elsewhere in this Article 4 are set forth in Schedule 4.1.24.

4.2. Representations and Warranties of Purchaser.

Purchaser, for itself and on behalf of each of the Asset Purchasers and Securities Purchasers warrants and represents to GM, for itself and on behalf of the relevant Asset Sellers and Securities Sellers, as follows as of the date of the Agreement:

4.2.1. Corporate Data.

Purchaser and each Asset Purchaser and Securities Purchaser is a corporation duly organized, validly existing, and to the extent legally applicable in good standing under the laws of its jurisdiction of incorporation and has the requisite corporate power and authority to purchase the Acquired Assets and/or Sale Securities, and to conduct the Combined Business as contemplated by this Agreement.

4.2.2. Corporate Power; Due Authorization.

Purchaser, the Asset Purchasers and Securities Purchasers have the requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which Purchaser and/or each of the Asset Purchasers and Securities Purchasers is a party, and to perform their obligations hereunder and thereunder and to consummate the transactions contemplated herein and therein. The execution, delivery, performance, and consummation of this Agreement and the Ancillary Agreements have been duly authorized by all necessary action on the part of Purchaser and each of the Asset Purchasers and Securities Purchasers. This Agreement and each Ancillary Agreement has been duly authorized, executed and delivered by Purchaser and each Asset Purchaser and Securities Purchaser a party thereto, and are valid and legally binding obligations of Purchaser and each Asset Purchaser and Securities Purchaser a party thereto, and enforceable against Purchaser and each Asset Purchaser and Securities Purchaser a party thereto in accordance with their respective terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or proceedings affecting the enforcement of creditors' rights generally and by the availability of equitable remedies and defenses.

4.2.3. Qualification.

Each of Purchaser, the Asset Purchasers and the Securities Purchasers is duly qualified or licensed to do business in all jurisdictions where the failure so to qualify or to be so licensed would have a Material Adverse Effect.

4.2.4. No Consent Required.

No consent, approval, order, authorization of, or registration, declaration or filing with any governmental or judicial agency, body or authority or other third party is required in order to give effect to the valid execution, delivery, and performance of this Agreement and the Ancillary Agreements by Purchaser or any relevant member of the Purchaser Group or the consummation by Purchaser or any relevant member of the Purchaser Group of the transactions contemplated hereby and thereby, except for: (i) the consents relating to Contracts or Permits, as referred to in Section 1.4.1; (ii) filings, consents and approvals required under local law for the transfer to Purchaser or the relevant Asset Purchaser or

Securities Purchaser of Acquired Assets or Sale Securities located outside of the United States as set forth on Schedule 4.1.10; and (iii) filings and consents required for the transfer to Purchaser of Owned Real Property and Leased Real Property as set forth on Schedule 4.1.10; and (iv) filings and consents required for transfer to Purchaser of the Intellectual Property.

4.2.5. Brokers.

Purchaser has employed no finder, broker, agent, or other intermediary in connection with the negotiation or consummation of this Agreement, any Ancillary Agreement or any of the transactions contemplated hereby for which any member of the GM Group would be liable.

4.2.6. No Conflicts.

The execution and delivery of this Agreement or the Ancillary Agreements by Purchaser, the Asset Purchaser or the Securities Purchaser will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the articles of incorporation or by-laws of Purchaser, an Asset Purchaser or a Securities Purchaser;

(b) subject to obtaining the consents, approvals and actions, making the filings and giving the notices disclosed on Schedule 4.2.6.B conflict in any material respect with or result in a material violation or breach of any term or provision of any applicable Law other than such conflicts, violations or breaches as would occur solely as a result of the legal or regulatory status of GM or any of its Affiliates; or

(c) except as disclosed on Schedule 4.2.6.C, (i) conflict in any material respect with or result in a material violation or breach of, (ii) constitute a material default under, (iii) require Purchaser, an Asset Purchaser or a Securities Purchaser to obtain any such consent, approval or action of, make any filing with or give any notice to any person as a result or under the terms of, or (iv) result in the creation or imposition of any Lien upon Purchaser, an Asset Purchaser or a Securities Purchaser or any of their respective assets and properties under, any indenture, mortgage, lease, agreement, obligation or permit or consent to which any of them is a party or by which any of their respective assets and properties is bound.

4.3. Interpretation.

For the purposes of interpretation of the representations and warranties contained in this Article 4 references to any United States legal term or concept in this Agreement shall, in respect of any jurisdiction other than the United States, be construed as references to the term or concept which most nearly corresponds in that jurisdiction to the United States legal term or concept.

5. PERSONNEL MATTERS.

For the avoidance of doubt, Sections 5.1 to 5.21 of this Article 5 only apply to employees employed in the US Business.

5.1. Responsibility for Employees.

(a) Schedule 5.1.A identifies all employees (the "Employees") of GM or its Affiliates who were employed by (or otherwise accorded employment rights with respect to) the US Business, or utilized primarily in the operation of the US Business as of August 31, 1998 by name, location, function and, as to hourly and regular salaried employees, status (e.g., active, GM JOBS Program, lay-off or leave of absence) as of such date. Effective as of Closing, Purchaser will employ those individuals identified on Schedule 5.1.A, which are in the following categories: active hourly trim employees at Grand Rapids; other active hourly employees at Grand Rapids; active hourly employees at Auburn Hills; stabilized salaried employees, identified as such on Schedule 5.1.A; and any individuals hired by the US Business in the Ordinary Course of Business after the date of such Schedule.

As used herein, the terms "GM JOBS Program," "lay-off" and "leave of absence" shall have the meanings set forth in the 1996 GM-UAW National Collective Bargaining Agreement ("UAW Agreement") when used with respect to individuals employed or formerly employed on an hourly basis, or in the GM Policies for Salaried Employees (the "Salaried Policies") when used with respect to individuals employed or formerly employed on a salaried basis.

Employees who begin employment with Purchaser pursuant to this Section are referred to as the "Transferred Employees".

Purchaser agrees not to lay off any Transferred Salaried Employees before October 1, 1999. Notwithstanding this covenant Purchaser shall have the right to deal with these employees as at-will employees, and nothing in this Agreement shall alter or otherwise affect Purchaser's right to discharge, suspend, or take other action deemed appropriate by Lear, in its sole discretion, with respect to any such employees for performance-based reasons or misconduct, or to terminate such employee on terms mutually agreeable to employee and Purchaser.

(b) At closing, hourly employees and salaried employees, in each case, who are identified on Schedule 5.1.A and are on leave, including disability leave

(whether or not any applicable waiting period relating to such disability leave is then satisfied) (each a "GM Leave Employee") shall remain employed by GM. GM Leave Employees, however, who return to work in accordance with termination of leave eligibility under existing GM policies and procedures, will at such time commence active employment with Purchaser and become Transferred Employees. If a GM Employee (who was on a disability leave at Closing), within 30 days of becoming a Transferred Employee, becomes disabled as a recurring disability pursuant to GM disability leave policies in existence at Closing, GM will bear the cost of the recurring disability leave. Purchaser will treat such employee in all other respects as a Transferred Employee.

GM hourly and salaried employees who are absent at Closing due to illness or injury and, prior to reporting to work at Purchaser subsequently go on a sick leave of absence for the same condition, prior to returning to work, will be treated as GM Leave Employees. GM hourly and salaried employees who are absent at Closing and return to work within one week after closing without going on an approved leave will become Transferred Employees at Closing and report to work at Purchaser when able or available.

For each hourly GM Leave Employee who commences active employment with Purchaser, Purchaser will transfer one hourly employee back to GM in accordance with procedures set forth in Section 5.2(c), without regard to the limitations in that Section concerning the number or location of such employees. GM will be solely responsible for all wages and benefits for employees transferred from Purchaser back to GM in accordance with this paragraph, as of the date Lear makes available for active GM employment the hourly employee designated to return to GM.

(c) Purchaser agrees that it will use its best effort to not hire without the prior written consent of GM, on a regular, contract or other basis, any employee in its U.S. Operations, who was employed on a salaried basis and who retired from GM or any of its Affiliates within 18 months prior to Closing. GM's written consent will not be unreasonably withheld or delayed.

5.2. Special Provisions Relating to Hourly Employees.

(a) Effective as of the Closing, Purchaser will assume the 1996 UAW-GM National Agreement, Supplements, and Exhibits, as applied to the hourly employees, as required by Document No. 91 of the UAW Agreement. Purchaser will maintain for the benefit of the Hourly Transferred Employees such employee benefit and pension plans as required by the UAW Agreement. Purchaser will assume the GM seniority status of hourly Transferred Employees for all purposes under the UAW Agreement. Purchaser will also assume the applicable local collective bargaining agreements. Purchaser will comply with all terms and conditions of any memorandum of understanding

("MOU") negotiated between GM and the UAW regarding the effects of the sale. The parties agree that, to the maximum extent possible, this Agreement will be interpreted by GM and Purchaser in a manner consistent with the provisions of the MOU. To the extent, however, that any provision of the MOU is inconsistent with any provision of this Agreement, the provisions of the MOU shall supersede this agreement.

(b) During the term of the UAW Agreement in effect at Closing, Purchaser will accept written applications from Hourly Transferred Employees to return to employment with GM and these employees will be eligible to accept bona fide active openings within GM on the same basis as laid-off GM UAW hourly employees. Hourly Transferred Employees who so apply may accept bona fide active openings within GM at any time in the future, and GM will make offers to these Hourly Transferred Employees, who have applied on or before September 14, 1999, on the basis of seniority GM-wide, within a trade or any non-skilled classification, as bona fide active openings arise. Any Hourly Transferred Employee returned to employment with GM under Section 5.2(b) will cease to be a Transferred Employee and will be referred to herein as an "Hourly Returned Employee" as of the date such employee returns to employment with GM. No Hourly Returned Employee who returns to employment with GM pursuant to this Section 5.2(b) will have any right to return to employment with Purchaser.

(c) Grand Rapids. At Closing, Purchaser will employ all active hourly trim employees (up to 215 trim employees) previously employed by GM ("GM Trim Employees") and all other active hourly employees at Grand Rapids ("GM Other Hourly Employees"). For up to three years post Closing, Purchaser will have the right to transfer back to GM, GM Trim Employees and GM Other Hourly Employees to reach an employment level of 560, the "Grand Rapids Target Number". GM Trim Employees and GM Other Hourly Employees whom Purchaser designates to return consistent with the provisions set forth below, will be transferred back to GM, and GM will be responsible for wages and benefits of each such returning employee, as of the date such employee returns to GM or is placed in the Grand Rapids JOBS Bank. (JOBS Bank wages and benefits shall be determined in accordance with the provisions of Section 5.2(f)).

Within 30 days after Closing, Purchaser will provide GM a preliminary status report outlining the expected flow of employees back to GM and will promptly provide GM any changes that may be made to this status report from time to time. Purchaser will provide GM with written notice prior to returning any Hourly Transferred Employees to employment with GM pursuant to Sections 5.2 (the "Purchaser Return Notice"). The Purchaser Return Notice will specify the number of employees which Purchaser will return to GM, the number of employees in each classification, and the date on which Purchaser will return such employees to GM; provided however, that the date of return of the employees to GM will be no less than 30 days from the date on which such notice is delivered to GM, and names and

social security numbers of such employees will be provided to GM prior to the expiration of this thirty-day period. As used in this Agreement, the term "Intended Return Date" will mean the date on which Purchaser will return employees to GM as specified in the Purchaser Return Notice. This written notice shall be provided to the director of the GM National Employee Placement Center, Room 9-128, 3044 West Grand Boulevard, Detroit, MI 48202. Notwithstanding the foregoing, in the event that GM notifies Purchaser that it has an accelerated need for employees which varies from the status report, Purchaser and GM will use reasonable efforts to accommodate their respective business needs.

For a period of three years post Closing, Purchaser will pay GM a rate of $23,256 per annum for each GM Trim Employee who returns to GM, is placed in the Grand Rapids JOBS Bank, is no longer actively employed in the trim operations, or is otherwise terminated from employment with Purchaser. Notwithstanding the previous sentence, if Lear hires an employee to directly replace a GM Trim Employee (a "Lear Trim Employee"), Purchaser will pay GM the following reduced rate per annum for each replaced GM Trim Employee (until such time as the Lear Trim Employee is no longer actively employed in the trim operations, at which time the rate will revert to $23,256 per annum):

9/1/98-8/31/99	9/1/99-8/31/2000	9/1/2000-8/31/2001
$11,850 per employee	$5,200 per employee	$2,300 per employee

For a period of five years post Closing, Purchaser will pay GM at an annual rate as scheduled below for each GM Other Hourly Employee who returns to GM, is placed in the Grand Rapids JOBS Bank, is no longer actively employed in the manufacture of seat adjuster products under current supply agreements and direct replacement products, or is otherwise terminated from employment with Purchaser. Purchaser's maximum aggregate obligation under this provision will be US $20,200,000.

For each GM Other Hourly Employee who returns to GM, is placed in the Grand Rapids JOBS Bank, is no longer actively employed in the manufacture of seat adjuster products under current supply agreements and direct replacement products, or is otherwise terminated from employment with Purchaser, Purchaser will pay GM at the following annual rates:

9/1/98-8/31/99	9/1/99-8/31/2000	9/1/2000-8/31/2001	9/1/2001-8/31/2002	9/1/2002-8/31/2003
$32,000 per employee	$25,600 per employee	$19,200 per employee	$12,800 per employee	$6,400 per employee

Notwithstanding the previous paragraph, if Lear hires an employee to directly replace a GM Other Hourly Employee (a "Lear Other Hourly Employee"), Purchaser will pay GM at the following annual rates, until such time as the Lear Other Hourly Employee is no longer actively employed in the manufacture of seat adjuster products under current supply agreements and direct replacement products, or terminates employment with Purchaser (in which case, the annual rates stated above for GM Other Hourly Employees will take effect):

9/1/98-8/31/99	9/1/99-8/31/2000	9/1/2000-8/31/2001	9/1/2001-8/31/2002	9/1/2002-8/31/2003
$11,850 per employee	$12,200 per employee	$19,200 per employee	$12,800 per employee	$6,400 per employee

All payments described in this Section 5.2(c) will be made on a monthly basis, based on employment levels determined on the last day of each calendar month.

(d) At Closing, Purchaser will employ all active hourly employees at Auburn Hills. With regard to Auburn Hills employees, GM will pay Purchaser a pre-determined amount per year per employee for each Auburn Hills hourly employee who was employed by GM at Closing and remains actively employed by Purchaser, in accordance with the following schedule: the first 12 consecutive calendar months following the Closing -- US $12,000; the second 12-month period -- US $8,000; the third 12-month period -- US $4,000. These payments will be made on a monthly basis, based on employment levels determined on the last day of each calendar month. Payments for an individual employee will cease when any one of the following occurs: (1) the employee flows back to GM or otherwise terminates employment with Purchaser; (2) the employee is offered an opportunity to flow back to GM but Purchaser refuses to release the employee; or (3) three years post-Closing.

On or before the third business day of the month, beginning with October 5, 1998, Purchaser will submit to GM a summary of actual active employment at Auburn Hills. In addition, Purchaser will also provide a reconciliation of changes from the prior month including employee's name, reason for change (e.g., flowback, attrition, Purchaser refusal to allow flowback), and effective date of change, including, upon GM's request, reasonable supporting data and information such that GM can satisfy itself of the accuracy of the employee changes. This summary will be utilized for the purpose of calculating the actual monthly payment from GM to Purchaser.

(e) Prior to Closing, GM will endeavor to eliminate the JOBS Banks; however, at Closing, active hourly employees to be employed by Purchaser will include hourly workers remaining in the JOBS Banks at Closing, thereby honoring UAW seniority provisions. GM shall, on a monthly basis, reimburse Purchaser for wages and benefits of employees in the JOBS Banks at Closing

until such employees are actively employed by Purchaser or GM. The amount of such reimbursement shall be computed as the cost of each excess employee's total wages and benefits. For purposes of any reimbursement pursuant to this Section, "wages" shall mean actual wages paid to the employee while the employee is inactive and in the JOBS Bank and "benefits" shall equal $65.00 per person per equivalent calendar day. Requests for reimbursement shall include sufficient payroll documentation to facilitate GM audit. Equivalent calendar day means that if a JOBS employee is inactive for 40 hours, but is allowed to work overtime for 8 hours in a weekly period, then the benefits will be reduced by 1 equivalent day.

(f) If, during the term of the 1996 UAW-GM National Agreement (the "1996 UAW Agreement"), Purchaser needs to increase employment levels to fulfill supply agreements between Purchaser and GM in existence at Closing, Purchaser will offer to rehire former Grand Rapids and Auburn Hills employees on the basis of seniority if such employees remain in a GM JOBS Bank. Any such employee hired by Purchaser shall, upon such hiring, become a Transferred Employee. If no such employees remain in a JOBS Bank, Purchaser may hire new employees.

(g) In the absence of sufficient applications from Grand Rapids Hourly Employees to return to GM, Purchaser may return employees to reach the Grand Rapids Target Number, beginning with the lowest seniority employees within a trade or non-skilled classification. If there are insufficient applicants to return to GM or bona fide openings do not exist within GM, Purchaser will release temporary employees prior to returning employees. Any headcount reductions which Purchaser seeks to make beyond the Grand Rapids Target Number will be handled by Purchaser consistent with applicable labor agreements, and Purchaser will be solely responsible for the costs associated with such reductions.

(h) Purchaser will be responsible for all wages and benefits for active Transferred Hourly Employees, subject to GM's obligations with respect to wages and benefits for certain employees, as described in Section 5.2. Except as otherwise specified in this Agreement, GM will be responsible for the payment of all wages and benefits under the various GM plans from the date eligible employees are designated to return to GM as provided in Section 5.2 for any employee who returns to GM and becomes eligible for these benefits following the Closing. Purchaser will be responsible for the payment of all wages and benefits for such employees under the various Lear plans from the Closing Date to date eligible employees are designated to return to GM.

5.3. Special Provisions Relating to Salaried Employees.

Effective as of Closing, Purchaser will provide employment to all salaried employees defined as "Stabilized". On or before Closing, Purchaser may make employment offers to salaried employees defined as "Category II." Category II employees, however, may choose to remain GM employees. GM will work with Purchaser to develop a transition plan for Category II

employees. All salaried employees who begin employment with Purchaser will become Salaried Transferred Employees. Purchaser will provide Salaried Transferred Employees with a salary and benefits package which is comparable in the aggregate to those provided by GM immediately prior to the Closing, and will continue to provide such salaries and benefits through October 1, 1999. Purchaser will recognize service with GM for all purposes except, unless provided otherwise herein, for benefit accrual purposes under the Replacement Retirement Plan sponsored by the Purchaser.

5.4. Assumption of Liabilities.

Except as otherwise specifically provided in this Article 5, Section 3.2(a), Section 3.2(b), and in Section 10.2.1 (a)(iv), Purchaser agrees to assume all liabilities and obligations with respect to Transferred Employees. Purchaser also agrees to indemnify GM for any adverse consequences suffered by GM or any of its Affiliates that reasonably relate to any failure by Purchaser to assume such liabilities or obligations. The adverse consequences referred to in the preceding sentence, with respect to which Purchaser will indemnify GM, include separation costs incurred by GM or its affiliates to transferred employees who are terminated without cause or laid off by Purchaser in violation of this Article 5 and who GM or any of its Affiliates is required to re-employ, or to whom GM or any of its Affiliates is required to pay wages, salaries or any employee benefits, whether pursuant to any Laws, any Employee Benefit Plan, the UAW Agreement or salaried policy in effect at the date of this Agreement.

5.5. Retirement Program and Pension Plans.

Responsibility for the provision of retirement and pension benefits to Transferred Employees will be shared on a pro rata basis, based on years of credited service with GM and years of credited service with Purchaser. Notwithstanding the preceding sentence, (A) except as provided in (C) below, Purchaser shall assume complete responsibility for all pension benefits owed to Hourly Transferred Employees who are not on the Closing Date vested under the General Motors Hourly-Rate Employees Pension Plan (the "GM Pension Plan"); (B) except as provided in (C) below, Purchaser shall assume complete responsibility for all retirement benefits owed to Salaried Transferred Employees who are not on the Closing Date vested under the General Motors Retirement Program for Salaried Employees ("GM Retirement Program"); and (C) GM will retain complete responsibility for all retirement and pension benefits owed to Transferred Employees who on or before October 1, 1999 retire (excluding any disability retirement not approved by GM or any Mutual Satisfactory Retirement) from Purchaser or to Hourly Transferred Employees who on or before October 1, 1999 return to GM. For employees described in (A) and (B) above, GM shall direct the trustees of the GM Pension Plan and the trustees of the GM Retirement Program to transfer in cash, from the trust under the GM Pension Plan to the trust under the Replacement Pension Plan, or from the trust under the GM Retirement Program to the trust under the Replacement Retirement Program, an amount determined in accordance with Section 5.5.7. For employees described in (C) above, Purchaser shall direct the trustees of the Replacement Pension Plan or Replacement Retirement Program, as the case may be to transfer in cash, from the trust under such plan or program to the trust under the GM Pension Plan or GM Retirement Program, as the case may be, an amount determined in accordance with Section 5.5.7.

5.5.1. Replacement Retirement Program.

(A) Effective as of the Closing Date, Purchaser will provide benefits to Salaried Transferred Employees under an Employee Pension Benefit Plan sponsored by the Purchaser (the "Replacement Retirement Program"). All Salaried Transferred Employees (the "Salaried Participants") who were participants in the GM Retirement Program at Closing, shall be eligible to participate in the Replacement Retirement Program. The Replacement Retirement Program shall provide for, except in the case of Salaried Participants who retire (including disability retirement approved by GM) on or before October 1, 1999, recognition for vesting and eligibility but not benefit accrual purposes all service credited to Salaried Participants under the GM Retirement Program as of Closing. Notwithstanding the preceding sentence, the Replacement Retirement Program will recognize for benefit accrual purposes the credited service accrued under the GM Retirement Program as of Closing for any Salaried Participant (entitled to be credited with service under the preceding sentence) for whom the Purchaser is completely responsible for retirement or pension benefits in accordance with Section 5.5 hereof.

(B) All Salaried Participants who are vested as of Closing and who retire (including disability retirement approved by GM) from Purchaser after the Closing Date shall be entitled, to a Part A Basic Benefit, if any, from the Replacement Retirement Program for each year of

applicable credited service accrued under the Replacement Retirement Program (reduced for age where appropriate), and a Pro Rata Share of the applicable supplement, if any, provided for in the Replacement Retirement Program.

(C) Any Salaried Participant who is vested as of Closing and who retires under the Replacement Retirement Program without eligibility to retire under the GM Retirement Program shall be entitled to a monthly benefit, until age 62 and one (1) month, from the Replacement Retirement Program equal to the benefit that would be payable under the Replacement Retirement Program, determined as if the Salaried Participant was then retiring from Purchaser with combined GM Retirement Program and Replacement Retirement Program credited service. Ater the Salaried Participant attains or would have attained age 62 and one (1) month, the Replacement Retirement Program shall pay monthly benefits based on Replacement Retirement Program credited service.

(D) Unless GM and Purchaser agree to a disability retirement, any Salaried Participant who is vested under the Replacement Retirement Program, who is later re-employed by GM and retires from GM, and who is not otherwise eligible to retire under the replacement Retirement Program, will be eligible under the Replacement Retirement Program only for unreduced benefits at age 62 and one (1) month, at the benefit levels in effect under the Replacement Retirement Program as of the date of the retirement from GM, increased until age 62 and one (1) month as if the Replacement Retirement Program benefits had commenced as of the date the Salaried Participant retired from GM.

To the extent permitted by law, all benefit payments to any Salaried Participant under the Replacement Retirement Program shall be discontinued upon re-employment with GM or Purchaser on a regular, contract, or other basis.

5.5.2. GM Retirement Program Amendments.

GM shall amend the GM Retirement Program to provide Salaried Participants the following as of the Closing:

(a) With respect to Salaried Participants who retire on or before October 1, 1999, the benefit under the GM Retirement Program shall be determined by taking into account for all purposes, including benefit accruals, the credited service accrued under the Replacement Retirement Program for service with Purchaser on or before October 1, 1999 and no additional credited service shall be recognized for any period for which the GM Retirement Program has already provided credited service.

(b) Except as provided in paragraph (a) above, with respect to Salaried Participants, the benefit under the GM Retirement Program shall be determined by taking into account solely for eligibility purposes the credited service accrued under the Replacement Retirement Program.

(c) All Salaried Participants who are vested under the GM Retirement Program as of Closing and who retire (including disability retirement approved by GM) from Purchaser after closing shall be entitled to a Part A Benefit from the GM Retirement Program (reduced for age where appropriate) equal to a (i) Part A Basic Benefit (calculated on the basis of the credited service accrued under the GM Retirement Program, the Basic Benefit Rate in effect at the time of retirement from Purchaser and the Benefit Class Code at Closing) (ii) a Pro Rata Share (as defined in Section 5.5.6) of the applicable supplement and (iii) for those Salaried Participants who were participants in Part B of the GM Retirement Program as of Closing, (I) a Part B Primary Benefit based on the contributions of the individual Salaried Participant remaining in the GM Retirement Program as of the date of retirement from Purchaser and the Part B Primary Benefit rates in effect at such time, and (II) a Part B Supplementary Benefit calculated based on the Participant's credited service accrued under the GM Retirement Program and the formula under the GM Retirement Program in effect at such time. Such benefit under the GM retirement Program shall be determined as if the Salaried Participant was then retiring from GM and by taking into account solely for eligibility for payment purposes but not for benefit accrual purposes the age of the individual and the service credited under the Replacement Program with Purchaser after the Closing.

(d) Any Salaried Participant who retires from Purchaser, but is not otherwise eligible to retire under the GM Retirement Program, is eligible only for unreduced benefits at age 62 and one (1) month at the benefit levels in effect under the GM Retirement Program as of the date of retirement from Purchaser, increased until age 62 and one (1) month as if the Retirement Program benefits had commenced as of the date of the retirement from Purchaser.

(e) Unless GM and Purchaser agree to a disability retirement, any Salaried Participant who is vested under the Replacement Retirement Program and who returns to employment with GM and retires under the GM Retirement Program before becoming eligible to retire under the Replacement Retirement Program shall be entitled to a monthly benefit until age 62 and one (1) month, from the GM Retirement Program equal to the benefit that would be payable under the GM Retirement Program, determined as if the Salaried Participant was then retiring from GM with combined GM Retirement Program and Replacement Retirement Program credited service. After the Salaried Participant attains or would have attained age 62 and one (1) month, the GM Retirement Program shall pay monthly benefits based only on GM Retirement Program credited service.

(f) For Salaried Participants entitled to a Part B Supplementary Benefit from the GM Retirement Program, the average monthly base salary for calculation of such benefit shall be based on the Salaried Participant's final average base

salary with GM under the GM Retirement Program determined as of Closing increased by three percent (3%) simple interest per year for each full year of salaried employment with Purchaser after Closing.

(g) Any break in service, other than a retirement, under the Replacement Retirement Program shall also break the Salaried Participant's credited service under the GM Retirement Program with entitlement only to a deferred vested benefit at the benefit levels in effect under the GM Retirement Program as of the break in service from Purchaser and the Salaried Participant's salary determined in accordance with Section 5.5.2.(f) above as of the break in service from Purchaser.

(h) To the extent permitted by applicable law, all benefit payments to any Salaried Participant under the GM Retirement Program shall be discontinued upon re-employment with Purchaser or GM on a regular, contract, or other basis.

(i) The Surviving Spouse of any Salaried Participant, who was vested under the GM Retirement Program at Closing, shall be eligible for payment from the GM Retirement Program of a survivor monthly benefit or a REA pre-retirement monthly survivor benefit, whichever is applicable, based on the Salaried Participant's credited service accrued under the GM Retirement Program at Closing and the benefit levels in effect under the GM Retirement Program on the earlier of death or the date such Salaried Participant terminated employment with the Purchaser and the Salaried Participant's salary determined in accordance with Section 5.5.2.(f). All other GM Salaried Retirement Program terms shall apply, including, but not limited to, those regarding eligibility and duration of surviving spouse benefits.

5.5.3. Replacement Pension Plan.

Effective as of the Hire Date, Purchaser will establish a new defined benefit pension plan (the "Replacement Pension Plan") covering the Hourly Transferred Employees (the "Hourly Participants") which, in accordance with this Agreement and Purchaser's obligation to assume the UAW Agreement, will duplicate the terms and benefits provided for under the GM Hourly-Rate Employees Pension Plan (the "Pension Plan") for the Hourly Participants until the UAW Agreement expires. For purposes of Section 5.5.3 and 5.5.4, the term "credited service" shall have the meaning set forth in the UAW Agreement. The Replacement Pension Plan will also provide for the following effective as of the Closing:

(a) Except in the case of Hourly Participants who retire (including disability retirement approved by GM) or who return to GM on or before October 1, 1999, recognition for vesting, and eligibility credited service accrued under the GM Pension Plan as of Closing. Notwithstanding the preceding sentence, the Replacement Pension Plan will also recognize for benefit accrual purposes the credited service accrued under the GM Pension Plan as of Closing for any

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Hourly Participant for whom the Purchaser is completely responsible for pension benefits in accordance with Section 5.5 hereof.

(b) All Hourly Participants who are vested and who retire (including a disability retirement approved by GM) from Purchaser or who return to GM after October 1, 1999, shall be entitled to a basic benefit from the Replacement Pension Plan equal to the basic benefit rate at the time of retirement times years of credited service accrued under the Replacement Pension Plan (reduced for age where appropriate), and a supplement in an amount equal to the difference between the basic benefit and the Pro Rata Share of the applicable supplement provided for in the Replacement Pension Plan.

(c) Unless GM and Purchaser agree to a "Mutually Satisfactory Retirement" (as defined in the Pension Plan) for an Hourly Participant or a disability retirement approved by GM, any Hourly Participant who is vested in the GM Pension Plan as of Closing and retires under the Replacement Pension Plan without eligibility to retire on a voluntary basis under the Pension Plan, shall be entitled to a monthly benefit from the Replacement Pension Plan until age 62 and one (1) month equal to the benefit that would be payable under the Replacement Pension Plan, determined as if the Hourly Participant was then retiring from Purchaser with combined GM Pension Plan and Replacement Pension Plan credited service. After the Hourly Participant attains or would have attained age 62 and one (1) month, the Replacement Pension Plan shall pay monthly benefits based only on Replacement Pension Plan credited service.

(d) Except as provided in Section 5.5.3(e) below, any Hourly Participant who is vested under the Replacement Pension Plan and who is re-employed by GM after October 1, 1999 with continuous service with Purchaser to the date of re-employment, shall be entitled to a benefit from the Replacement Pension Plan, upon retirement from GM, determined as if the Hourly Participant was then retiring from Purchaser and by taking into account for vesting, and eligibility but not for benefit accrual purposes (i) the age of the individual and (ii) the service credited under the GM Pension Plan (including any additional service credited as a result of re-employment by GM after Closing). The benefit will include a basic benefit (reduced for age where appropriate) equal to the basic benefit rate at the time of retirement times years of credited service accrued under the Replacement Pension Plan, and a supplement in an amount equal to the difference between the basic benefit and the Pro-Rata Share of the applicable supplement provided in the Replacement Pension Plan.

(e) Unless GM and Purchaser agree to a Mutual Retirement (as defined in the Pension Plan) for an Hourly Participant or a disability retirement approved by GM, any Hourly Participant, who is vested under the Replacement Pension Plan and who is later re-employed by GM and retires from GM but is not otherwise eligible to retire under the Replacement Pension Plan, shall be

eligible under the Replacement Pension Plan only for unreduced benefits at age 62 and one (1) month at the benefit levels in effect under the Replacement Pension Plan as of the date of the retirement from GM increased until age 62 and one (1) month as if the Replacement Pension Plan benefits had commenced as of the date the Hourly Participant retired from GM.

(f) To the extent permitted by law, all benefit payments to any Hourly Participant under the Replacement Hourly Pension Plan shall be discontinued upon re-employment with GM or Purchaser on a regular, contract, or other basis.

5.5.4. GM Pension Plan Amendments.

GM shall amend the GM Pension Plan to provide for the following effective as of Closing:

(a) With respect to Hourly Participants who retire or return to GM on or before October 1, 1999, the benefit under the GM Pension Plan shall be determined by taking into account for all purposes, including benefit accruals, The Credited Service accrued under the Replacement Pension Plan for service with Purchaser on or before October 1, 1999 and no credited service shall be recognized for any period for which the GM Pension Plan has already provided credited service.

(b) All Hourly Participants who are vested under the GM Pension Plan as of Closing and retire (including a disability retirement approved by GM under the GM Pension Plan) from Purchaser after October 1, 1999, shall be entitled to a benefit from the GM Pension Plan determined as if the Hourly Participant was then retiring from GM on a normal or early voluntary basis or a disability retirement (if approved by GM under the GM Pension Plan) , and by taking into account solely for eligibility for payment but not for benefit accrual purposes the age of the individual and the service credited under the Replacement Pension Plan after Closing. The benefit will include a basic benefit (reduced for age where appropriate) equal to the basic benefit rate at the time of retirement times years of credited service accrued under the Pension Plan (determined on the basis of the Basic Benefit Rate in effect at such time and the Benefit Class Code attained with Purchaser), and a supplement in an amount equal to the difference between the basic benefit and the Pro-Rata Share of the applicable supplement provided for in the GM Pension Plan. All other applicable provisions of the GM Pension Plan shall apply.

(c) Any Hourly Participant who is vested in the GM Pension Plan as of the Closing and retires from Purchaser but is not otherwise eligible to retire under the GM Pension Plan, shall be eligible under the GM Pension Plan only for unreduced benefits at age 62 and one (1) month at the benefit levels in effect under the GM Pension Plan as of the date of retirement from Purchaser,

increased until age 62 and one (1) month as if the Pension Plan benefits had commenced as of the date of the retirement from Purchaser.

(d) Unless GM and Purchaser agree to a disability retirement, any Hourly Participant who is vested under the Replacement Pension Plan and who returns to employment with GM and retires under the GM Pension Plan without eligibility to retire under the Replacement Pension Plan (except for a Mutually Satisfactory Retirement with Purchaser's approval) shall be entitled to a monthly payment, until age 62 and one (1) month, from the GM Pension Plan equal to the benefit that would be payable under the GM Pension Plan, determined as if the Hourly Participant was then retiring from GM with combined GM Pension Plan and Replacement Pension Plan benefit accrual credited service. After the Hourly Participant attains or would have attained age 62 and one (1) month, The GM Pension Plan shall pay monthly benefits based only on GM Pension Plan benefit accrual credited service.

(e) Pension Plan disability and survivor benefits payable to or on behalf of any Hourly Participant who was vested under the GM Pension Plan as of Closing and who becomes disabled or dies while employed by Purchaser shall be determined as if such Hourly Participant continued to be employed by GM but the amount of such benefit shall be based solely on such Hourly Participant's credited service accrued under the GM Pension Plan as of Closing and the benefit levels in effect under the GM Pension Plan at the time of disability or death.

(f) Any break in service, other than a retirement, under the Replacement Pension Plan shall also break the Hourly Participant's credited service under the GM Pension Plan with entitlement only to a deferred vested retirement at the benefit levels in effect under the GM Pension Plan as of the break in service from Purchaser.

(g) Any benefits payable from the GM Pension Plan under this Section 5.5.4 shall be based on the provisions applicable to other GM-UAW employees and retirees, including any increase in benefit rates under the GM Pension Plan.

To the extent permitted by applicable law, all benefit payments to any Hourly Participant under the GM Pension Plan shall be discontinued upon re-employment with Purchaser or GM on a regular, contract, or other basis.

5.5.5. Recognition of Age and Credited Service Grants.

Purchaser acknowledges that neither GM nor the GM Pension Plan or GM Retirement Program shall be required to recognize any grants of additional age or additional credited service given to Salaried Participants or Hourly Participants by Purchaser and/or the Replacement Pension Plan or Replacement Retirement Program, including but not limited to extra credited service or age offered as an early retirement inducement. Similarly, if a

Transferred Employee is re-employed by GM, neither Purchaser nor the Replacement Pension Plan or Replacement Retirement Program shall be required to recognize any grants of additional age or credited service provided after re-employment by GM and/or the GM Pension Plan or GM Retirement Program, including but not limited to inducements for early retirement. Nothing herein shall be construed to limit GM's or Purchaser's right to amend the GM Pension Plan, GM Retirement Program, Replacement Retirement Program or Replacement Pension Plan under ERISA and the Code.

5.5.6. Pro-Rata Share.

For purposes of this Article 5, "Pro-Rata Share" shall mean, with respect to each Salaried Participant or Hourly Participant, the quotient of (i) the number of years of credited service (including fractional years) under the GM Retirement Program or GM Pension Plan (or Replacement Retirement Program or Replacement Pension Plan, if referring to the Pro-Rata Share to be paid by the Replacement Retirement Program or the Replacement Pension Plan) for each Salaried or Hourly Participant, divided by (ii) the total number of years of credited service (including fractional years) under the GM Retirement Program and Replacement Retirement Program, or GM Pension Plan and Replacement Pension Plan, respectively, with regard to such Salaried Participant or Hourly Participant as of the date of their retirement from Purchaser or GM or other relevant determination date.

5.5.7. Transfer of Liabilities and Assets.

(a) With respect to each Transferred Employee who retires from Purchaser before October 1, 1999 ("Pre-October 1, 1999 Retiree"), the amount to be transferred in accordance with Section 5.5 will be calculated as follows. First, the monthly benefits which each such retiree would have received from the Replacement Retirement Program or the Replacement Pension Plan at the actual date of retirement (including the Purchaser's Basic Benefit, and if applicable, the Purchaser's retirement supplement) will be determined based on applicable benefit rates under the Replacement Retirement Program or the Replacement Pension Plan as of the retiree's actual date of retirement reflecting benefit increases already in place at Closing to be effective through September 14, 1999. Second, the present value of such benefit payments to each such retiree shall be calculated without regard to any post-retirement benefit adjustments other than those noted above, assuming the benefit is paid as a life annuity and using GM's SFAS 87 assumptions (e.g., discount rates, mortality assumptions, etc.) utilized to determine GM's year end disclosure as of December 31, 1997. Such present value shall be determined as of the Valuation Date based on the Transferred Employee's status (i.e., living or deceased) on such employee's retirement date.

(b) With respect to each Hourly Transferred Employee who returns to GM before October 1, 1999 ("Pre-October 1, 1999 Hourly Returned Employee"), the amount to be transferred in accordance with Section 5.5 will be calculated as follows. First, an Accumulated Benefit Obligation (as defined under SFAS

87) for each such employee based on combined credited service as of the Valuation Date with GM and Purchaser will be calculated as of the Valuation Date using benefit rates set forth in the GM-UAW contract in effect at Closing reflecting benefit increases scheduled to be effective on September 14, 1999. All other assumptions for computing the Accumulated Benefit Obligations (as defined under SFAS 87) shall be taken from GM's SFAS 87 assumptions utilized to determine GM's year-end disclosure as of December 31, 1997 (e.g., retirement assumptions, discount rates, mortality assumptions, etc.). Second, the Accumulated Benefit Obligation for each such employee shall be multiplied by a fraction determined for each such employee. The numerator of such fraction will be the employee's credited service with Purchaser and the denominator of such fraction will be the numerator plus the employee's credited service with GM at the Valuation Date. The amount to be transferred with respect to each Pre-October 1, 1999 Hourly Returned Employee shall equal the product of the Accumulated Benefit Obligation and such fraction. An employee's status (i.e., living or deceased) shall be determined on the date such employee transfers back to GM. Notwithstanding the above, for a Transferred Employee covered by Section 5.5(A) ("Unvested Hourly Particpant"), the amount to be transferred shall equal the present value as of the Valuation Date of each employee's accrued benefit as of the earlier of the employee's return to GM or the Valuation Date using the benefit rates set forth in the UAW Agreement in effect through September 14, 1999. The assumptions for computing this present value shall be based solely on the discount rate and mortality assumption utilized to determine GM's SFAS 87 year-end disclosure as of December 31, 1997 and shall also be based on an assumed retirement age equal to the employee's age as of the employee's normal retirement date.

(c) With respect to each Unvested Hourly Participant, the amount to be transferred in accordance with Section 5.5 will be calculated as follows. The present value of each employee's accrued benefit as of the Closing Date will be calculated as of the Closing Date using the benefit rates set forth in the UAW Agreement in effect on the Closing Date reflecting benefit increases scheduled to be effective through September 14, 1999. The assumptions for computing this present value shall be based solely on the discount rate and mortality assumption utilized to determine GM's SFAS 87 year-end disclosure as of December 31, 1997 and shall also be based on an assumed retirement age equal to the employee's age as of the employee's normal retirement date.

(d) With respect to a Transferred Employee covered by Section 5.5(B) ("Unvested Salaried Participant"), the amount to be transferred in accordance with Section 5.5 will be calculated as follows. The present value of each employee's accrued benefit as of the Closing Date will be calculated as of the Closing Date using the benefit rates set forth in the GM Retirement Program in effect on the Closing Date reflecting benefit increases scheduled to be effective

through September 14, 1999. The assumptions for computing this present value shall be based solely on the discount rate and mortality assumption utilized to determine GM's SFAS 87 year-end disclosure as of December 31, 1997 and shall also be based on an assumed retirement age equal to the employee's age as of the employee's normal retirement date.

(e) The amount to be transferred under paragraphs (a), (b), (c) and (d) hereof shall be increased by interest at Prime Rate on the Valuation Date from the Valuation Date to the date of transfer.

(f) For purposes of this Section 5.5.7 the Valuation Date shall be defined as October 1, 1999.

(g) The transfer of assets shall comply with Section 414(l) of the Internal Revenue Code. However, to the extent that the amount required to be transferred under Section 414(1) is different than the amount determined in accordance with this Section 5.5.7, the Amount required under section 414(1) will be transferred. On the date of such transfer, GM will either pay to (or receive from) Purchaser, as the case may be, the excess (or the deficit) of the amount computed under this Section 5.5.7, over the amount transferred in accordance with Section 414(l), with interest at prime rate on the Valuation Date from the Valuation Date to the date of transfer.

(h) The determination of amounts to be transferred in accordance with this Section 5.5.7 shall be made by the GM actuary with respect to transfers from the GM Retirement Program or the GM Pension Plan and by the Purchaser's actuary with respect to transfers from the replacement retirement program or the Replacement Pension Plan. The transferor's actuary shall provide the actuary selected by the transferee with all the documentation reasonably necessary to verify such determination within 180 days of the Valuation Date. The Purchaser will verify such determination within 180 days of the receipt of such calculation. Thereafter, Purchaser and GM shall cooperate to file as soon as reasonably possible all documents, including Forms 5310A, which may be legally required to effect the liability and asset transfer. The transfer shall take place on the first business that that is at least thirty-one days following such filing. Notwithstanding the above, if the transferee's actuary informs the transferor within 180 days of receiving supporting documentation from the transferor, that he disagrees with the transferor's actuary then, first GM and the Purchaser shall negotiate, in good faith, to resolve such dispute, and if unable to come to an agreement, then GM and the Purchaser shall agree upon and engage an impartial actuary, who shall be entitled to the privileges and immunities of an arbitrator, to resolve any disagreement and whose determination as to any such disagreement (if not contrary to ERISA) shall be conclusive, final and binding. The parties shall share equally all costs and fees of such impartial actuary. Thereafter, Purchaser and GM shall cooperate to file as soon as reasonably possible all documents, including Forms 5310A,

which may be legally required to effect the liability and asset transfer. The transfer shall take place on the first business day that is at least thirty-one days following such filing.

(i) The retirement program or pension plan that is the transferee of assets transferred in accordance with Section 5.5.7 shall assume all liabilities for all accrued benefits as of the effective date of the transfer under the transferor plan in respect of the participants to whom, and credited service to which, such transfer relates, and the transferor plan shall be relieved of all liabilities for such benefits. GM and the Purchaser shall provide each other with such records and information as may be necessary or appropriate to carry out their obligations under this Section 5.5.7, and they shall cooperate in the filing of documents required by the transfer of assets and liabilities described herein.

5.6. Certain Insurance Matters.

(a) Except as otherwise provided in Section 5.6, for the purpose of coordination of benefits provisions for health care coverage, for covered expenses relating to periods after the Closing, Purchaser's health care coverage shall in all cases (including health care coverage in retirement for Transferred Employees who retire from Purchaser) be primary in relation to GM coverage.

(b) Purchaser shall not extend Employee Welfare Benefit Plan coverage to and GM shall retain liability for any individual who is confined to a hospital at Closing until such individual is discharged after Closing.

(c) Following the Closing, any Transferred Employee who is provided GM retiree health care or life insurance coverage under a retiree health care or life insurance plan then maintained by GM, must elect participation in a retiree health care or life insurance plan maintained by Purchaser, if eligible, and submit expenses as provided in Section 5.6(a).

(d) Provision of post-retirement health care and life insurance coverage for all Transferred Employees other than in (e) below shall be the primary responsibility of Purchaser, and Purchaser's health care and life and disability benefits program shall take into account combined GM and Purchaser credited service for eligibility; subject, however, to all applicable plan terms, including but not limited to the right to amend, modify, suspend or terminate the plans.

(e) Upon retirement from Purchaser, GM shall provide post-retirement health care and life insurance coverage to the following Transferred Employees:

(i) Hourly and Salaried Transferred Employees eligible to retire from GM as of Closing on a voluntary basis with corporate contributions for post-retirement health care and life insurance coverage.

(ii) Hourly and Salaried Transferred Employees who retire on a voluntary basis under the Pension Plan or Retirement Program on or before October 1, 1999 and are otherwise eligible for post-retirement health care and corporate contributions for life insurance coverage.

(iii) Hourly Returned Employees within the meaning of Section 5.2(b) who return to GM on or before October 1, 1999, and who are eligible for such benefit coverage.

(iv) Hourly Returned Employees within the meaning of Section 5.2(b) who return to GM after October 1, 1999 and who are eligible for such benefit coverage.

The provision of post-retirement health care and life insurance coverage by GM is subject to all applicable benefit plan terms, including but not limited to the right to amend, modify, suspend or terminate the plans.

(f) With respect to post-retirement health care and life insurance coverage provided to Transferred Employees pursuant to Section 5.6(e) through the tenth anniversary of Closing or an earlier point in time mutually agreed to by the parties (the "Determination Date"), Purchaser will reimburse GM annually for a portion of the cost for insured plans and benefit payments and administrative cost for self-insured plans of such programs allocated on a Pro Rata Share basis, based on years of service at Purchaser over total years of service at both Purchaser and GM; provided that in the case of Hourly Transferred Employees who return to GM and retire on a "Mutual Retirement", Purchaser's Pro Rata Share reimbursement will not begin until such Transferred Employees would have been eligible to retire from Purchaser with employer provided post-retirement health care and contributions for life insurance coverage. With respect to post-retirement health care and contributions for life insurance coverage provided to Transferred Employees pursuant to Section 5.6(d) through the Determination Date, GM will reimburse Purchaser annually for a portion of the cost for insured plans and benefit payments and administrative cost for self-insured plans of such programs allocated on a Pro Rata Share basis, based on years of service at GM over total years of service at both Purchaser and GM; provided that in the case of Hourly Transferred Employees who retire on a "Mutual Retirement" or Salaried Transferred Employees who retire on an Incentive Retirement, GM's Pro Rata Share reimbursement will not begin until such Transferred Employees otherwise would have been eligible to retire from GM with employer provided post-retirement health care and contributions for life insurance coverage.

On the Determination Date, if Purchaser's and GM's Standard and Poor's investment ratings, "Ratings", are no lower than their respective Ratings on

the Closing Date, the parties shall settle their prospective obligations under this Section 5.6(f) and each party from that date forward will become solely responsible for its post retirement health care and life insurance costs as described in Sections 5.6(d) and 5.6(e). If on the Determination Date, either party has Ratings lower than their Ratings on the Closing Date, the parties shall continue annual reimbursements as described in the above paragraph. Notwithstanding any party's lower Ratings, the parties may mutually agree to a settlement of their prospective obligations under this Section 5.6(f). If GM assigns its obligations under this Section 5.6(f), the Ratings of the assignee will control whether a settlement must occur. The Ratings considered for an assignee shall be the Ratings on the date of assignment and the Ratings on the Determination Date.

With respect to post-retirement health care and life insurance costs related to Transferred Employees pursuant to Section 5.6(e) and Section 5.6(d) after the Determination Date, GM shall pay to Purchaser, if (a) below exceeds (b) below, or Purchaser shall pay to GM, if (b) below exceeds (a) below, in cash, an amount equal to the excess of (a) GM's Pro Rata Share of the EPBO as of the Determination Date using SFAS 106 (or its successor accounting principle) assumptions in all cases except for the discount rate as explained below, or its successor accounting principle, for the Transferred Employees subject to Section 5.6(d) determined using Purchaser's plan as it applies to such group of Transferred Employees for the plan year containing the Determination Date and Purchaser's SFAS 106 (or its successor accounting principle) assumptions except for the discount rate as explained below, or its successor accounting principle, as of the December 31st immediately preceding the Determination Date, compared to (b) Purchaser's Pro Rata Share of the EPBO as of the Determination Date using SFAS 106 (or its successor accounting principle) assumptions in all cases except for the discount rate as explained below, or its successor accounting principle, for the Transferred Employees subject to Section 5.6(e) determined using GM's plan as it applies to such group of Transferred Employees for the plan year containing the Determination Date and GM's SFAS 106 (or its successor accounting principle) assumptions except for the discount rate as explained below, or its successor accounting principle, as of the December 31st immediately preceding the Determination Date. For purposes of determining the EPBO under this paragraph, the calculation shall include all Transferred Employees who, as of the Determination Date, have not terminated employment prior to eligibility for post-retirement health care and employer contributions for life insurance coverage. For purposes of this Section 5.6, the Pro Rata Share shall have the same meaning as in Section 5.5.6 with respect to Transferred Employees who have retired as of *the Determination Date; for all other Transferred Employees included in this calculation of EPBO as of the Determination Date, the denominator of the Pro Rata Share shall include the credited service as of the Determination Date plus the expected period of time from the Determination Date to each such Transferred Employee's average

expected retirement date (weighted by EPBO at each possible retirement age, rather than an unweighted average), based on the applicable SFAS 106 (or its successor accounting principle) assumptions as of the December 31 immediately preceding the Determination Date.

Further, the valuation of either party's prospective obligation under this Section 5.6(f) shall be made using a discount rate equivalent to the numerical average of the 30 Year Treasury Bill rate in effect on the first day of each month for a twelve month period prior to and including the Determination Date, as published in the Wall Street Journal, New York Edition, plus 200 basis points for amounts transferred that will not be place in a trust as described below, or plus 300 basis points for amounts transferred that will be placed in a trust as described below. The cash payment to settle the obligations should be based on the above valuation method.

Cash transferred by either party with regard to its prospective obligations for Hourly Transferred Employees under this Section 5.6(f) shall be placed in a VEBA Trust if the Test Amount exceeds $10 million. For purposes of determining whether a VEBA Trust contribution is required under this Section 5.6(f) (the "Test Amount"), the 30 year Treasury Bill Rate plus 250 basis points will be used. The determination of amounts to be transferred in accordance with this Section 5.6(f) shall be made by the party's respective actuaries. The actuaries shall exchange all of the documentation reasonably necessary to verify their respective determinations within 120 days of the Determination Date. Such calculations will be verified and the cash transferred within 180 days of the Determination Date. Interest on the amount transferred will be accrued from the Determination Date to the date of transfer at the Prime Rate in effect on the Determination Date. If either party's actuary disagrees with the calculations under this Section 5.6(f), the parties shall negotiate, in good faith, to resolve such dispute. If the parties are unable to resolve such dispute, they shall agree upon and engage an impartial actuary, who shall be entitled to the privileges and immunities of an arbitrator, to resolve any disagreement and whose determination as to any such disagreement shall be conclusive, final and binding on the parties. The Parties shall share equally all costs and fees of such impartial actuary.

The parties shall mutually indemnify each other for any claims arising out of their respective actions with regard to their respective obligations to retirees and their dependents and beneficiaries as allocated between the parties pursuant to this Section 5.6(f).

5.7. Purchaser Benefit Plans.

Except as otherwise provided in this Section 5, nothing herein shall prejudice the right of Purchaser or GM to amend or terminate any of its plans, programs, policies or arrangements applicable to any Transferred Employee or Special Status Employee following the Closing.

5.8. Employee Information: Cooperation in Establishing Purchaser Benefit Plans.

(a) GM and Purchaser will each provide the other any relevant information with respect to an employee's employment with, and compensation from GM or Purchaser, or rights or benefits under any Employee Benefit Plan which either Party may reasonably request and require.

(b) Purchaser will establish Employee Welfare Benefit Plans, in accordance with applicable laws, for the Transferred Employees, as applicable, on a timely basis so that such plans will be in effect on Closing and GM shall administer such Purchaser plans through December 31, 1998.

5.9. Wrongful Acts.

Notwithstanding anything to the contrary in this Agreement, GM shall not be liable for any adverse consequences arising from a wrongful act by Purchaser with respect to any Transferred Employee. Notwithstanding anything to the contrary in this Agreement, Purchaser shall not be liable for any adverse consequences arising from a wrongful act by GM with respect to any employee or former employee of GM or its Affiliates, including, without limitation, all employees identified on Schedule 5.1.A, all Overseas Employees, and all employees of the JV Companies and the Sales Companies.

5.10. Provisions Regarding Purchaser's Agreements. Benefit Plans and Policies.

(a) Except as otherwise provided in this Section 5, coverage and benefits for Transferred Employees or their dependents under any employee benefit plan or any related policies or programs offered by Purchaser ("Purchaser Plans"), shall apply without regard to eligibility for such coverage or benefits under any GM Employee Benefit Plan, and shall be primary.

(b) Purchaser and GM each shall reimburse the other for any liability incurred in respect of Transferred Employees due to any violation of law with respect to or failure by Purchaser or GM to abide by the terms or conditions of their respective collective bargaining agreements, or any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or any other plans, policies or programs maintained by Purchaser or GM for any Transferred Employee, Hourly Returned Employee or Special Status Employee.

5.11. Grievances.

GM represents that it has disclosed to Purchaser (or will disclose prior to the Closing) all pending labor grievances and arbitration proceedings which relate to the US Business. Prior to the Closing, GM will disclose all labor grievances and arbitration proceedings which relate to the US Business which remain unresolved on the Closing Date. The parties will address (i) grievances open as of the date of the Closing and (ii) grievances filed after the date of

Closing relating to an event, occurrence or cause of action arising prior to Closing which affect or relate to the rights of GM or Purchaser under this Agreement (collectively, "the Grievances") as set forth below. Purchaser and GM will cooperate in the defense of the Grievances. Purchaser will not settle any of the Grievances without GM's consent, if such settlement will result in liability for GM. Such consent will not be unreasonably withheld. GM will not settle any of the Grievances without Purchaser's consent if such settlement will result in liability for Purchaser. Such consent will not be unreasonably withheld. If the seniority of a grievant is reinstated as a result of the disposition of a Grievance or a court or administrative order, Purchaser will reinstate the grievant as if the grievant had been an Hourly Transferred Employee as of the date of the Closing. In general, for Hourly Transferred Employees who have been continuously employed, back pay liability relating to periods prior to Closing will be allocated to GM. Back pay liability relating to periods subsequent to Closing will be allocated to Purchaser. In general, for employees who become Hourly Transferred Employees because they are reinstated through the grievance procedure, back pay liability relating to periods prior to Closing will be allocated to GM. Back pay liability relating to periods subsequent to Closing will be allocated to Purchaser. The parties will discuss treatment of Grievances involving unusual circumstances. If GM or the Purchaser withholds consent to a settlement of a Grievance recommended by the other or elects to continue to defend the Grievance jointly with the other, then the party that withholds consent shall be liable to the other for the portion of the back pay or other liability resulting from the ultimate disposition of such Grievance (or subsequent settlement) which is in excess of the liability that would have resulted from the settlement recommended by the other party and rejected by the party that withholds consent.

5.12. Savings Plan Transfers.

Purchaser agrees to establish for all Transferred Employees a savings plan (under Section 401(k) of the Code) effective as of Closing. To the extent allowed by applicable law, Purchaser agrees that Hourly Transferred Employees with account balances in the GM Personal Savings Plan will be eligible to transfer such account balances in accordance with the provisions of the plan to the Purchaser's savings plan applicable to Hourly Transferred Employees. To the extent allowed by applicable law, Salaried Transferred Employees with account balances in the GM Savings-Stock Purchase Program will be eligible to transfer such account balances in accordance with the provisions of the program to the Purchaser's savings plan applicable to Salaried Transferred Employees. The manner of such transfer shall be a withdrawal from the GM Plan or Program.

5.13. Allocation of Responsibility for Suggestions Existing as of Closing.

Purchaser will investigate and review any suggestions related to the US Business pending as of Closing. GM will cooperate with Purchaser to facilitate the investigation and review of all such suggestions. With regard to any suggestions submitted on or prior to the Closing Date, GM will be responsible for payment of any suggestion award related to savings realized on or prior to Closing, with Purchaser responsible for payment related to savings realized after Closing. Purchaser will assume responsibility for suggestions related to the U.S. Businesses

submitted by any Transferred Employee after Closing and before September 14, 1999, regardless of whether submitted on Purchaser or GM suggestion forms.

5.14. Vehicle Purchase Program.

Without cost to Purchaser, Transferred Employees will continue to be eligible through October 1, 1999 to participate in the GM New and Used Vehicle Purchase Program, in accordance with policies in effect for GM employees. Under either program, it is the responsibility of the Transferred Employee to take delivery of the new or used vehicle by October 1, 1999.

5.15. Profit Sharing.

Regardless of the vesting date, GM will pay to each Transferred Employee any profit sharing due with respect to 1998 on a pro rata basis using the number of days worked during 1998 by the Transferred Employees for GM and for Purchaser.

5.16. Vacation.

(a) Hourly Employees. Within 60 days following the end of the calendar years 1998, 1999, 2000, and 2001, GM and Purchaser shall determine the total dollar value of vacation pay accrued for the applicable year with respect to an Hourly Transferred Employee who was employed at both GM and Purchaser for such year (the "Vacation Pay"). The Vacation Pay thus determined shall be allocated between GM and Purchaser pro rata based on pay periods worked (and portions thereof) at GM and Purchaser, respectively, during the applicable year. From the allocated Vacation Pay amounts both GM and purchaser shall subtract any actual vacation used while working at GM or Purchaser, respectively, during the applicable year by employees who were employed at both GM and Purchaser for such year (the "Net Vacation Pay"). In the event the Purchaser's Net Vacation Pay exceeds GM's Net Vacation Pay, then Purchaser shall pay to GM the difference between Purchaser's Net Vacation Pay and GM's Net Vacation Pay. In the event the GM's Net Vacation Pay exceeds Purchaser's Net Vacation Pay, then GM shall pay to Purchaser the difference between GM's Net Vacation Pay and Purchaser's Net Vacation Pay.

(b) Salaried Employees. Within 60 days of Closing, GM will pay to Purchaser the value of all accrued and unused vacation as of the Closing, offset by the value of all vacation used but not accrued as of Closing.

5.17. Training.

Purchaser will participate in joint activities through the UAW-GM Center for Human Resources ("CHR") in the same manner as provided prior to the Closing Date for the duration of the current GM-UAW Agreement. This includes funding levels, the funding approval process, and full participation in jointly developed and negotiated programs. Purchaser's funding obligations will be met by monthly payments to the CHR in an amount equal to the funding obligation incurred by Purchaser each month pursuant to the UAW Agreements

Memorandum of Understanding Joint Activities (III Funding). Purchaser's funding rate for overtime hours will be based on the procedure in place for determining such funding rate pursuant to the GM-UAW National Agreement for Grand Rapids and Auburn Hills.

5.18. Tuition Reimbursement Expenses.

GM shall be responsible for payment of all tuition reimbursement expenses which are properly payable under the Tuition Assistance Plan for Salaried Transferred Employees for classes commenced or approved prior to Closing. Tuition reimbursement expenses with respect to Salaried Transferred Employees will be paid by Purchaser's tuition assistance plan for classes which commence on or after Closing and which have not been approved prior to Closing.

5.19. Workers' Compensation.

(a) GM shall be responsible for workers' compensation claims of Transferred Employees based on injuries or illnesses which arose out of and in the course of employment with GM on or prior to Closing, regardless of when such claim is made.

(b) Purchaser will be responsible for workers' compensation claims of Transferred Employees based on injuries and illnesses which arise out of and in the course of employment with Purchaser after Closing.

(c) With regard to workers' compensation claims for which GM retains responsibility and which involve the payment of lost-time workers' compensation benefits for any GM Leave Employee, Purchaser will make reasonable efforts consistent with the provisions of the UAW Agreement, the applicable local agreement, and the applicable law, to place such employee in suitable employment. In the event GM and Purchaser disagree as to any workers' compensation claimant's ability to return to work, both GM and Purchaser will submit the disagreement to a binding third party medical arbitrator (selected by mutual agreement of Purchaser and GM). The cost of such arbitrator shall be shared equally by Purchaser and GM. GM and Purchaser shall cooperate in good faith to administer the allocation of the workers' compensation benefits provided for in this Section 5.19.

5.20. Legal Services Plan.

Purchaser will provide legal services and administrative support to Transferred Hourly Employees ("Purchaser Legal Services Plan") through the UAW-GM Legal Services Plan for the duration of the UAW Agreement, including funding required by that Agreement. Purchaser will pay for this plan based on Purchaser's accruals for the plan at the GM accrual rates. Purchaser will provide funding on or prior to October 1, 1999.

5.21. GM Pre-Closing Indemnity.

GM hereby agrees to indemnify and hold harmless the Purchaser for itself, its successors and assigns (and on behalf of the Asset Purchasers and Securities Purchasers) from any liability asserted against the Purchaser, any Asset Purchaser or any Securities Purchaser under Title IV of ERISA or Chapter 43 of the Code by reason of all or part of the Combined Business having at some time prior to Closing been part of the GM Group or having formed with any part of the GM Group a group of trades or businesses under common control within the meaning of Section 414(c) of the Code.

Overseas Employees

5.22. Transfer of Overseas Employees.

The Parties acknowledge and agree that all Overseas Employees shall transfer from the relevant Asset Seller to the relevant Asset Purchaser by operation of applicable local law and/or pursuant to the terms of the Transfer Agreement relating to that jurisdiction and the Purchaser shall cause the relevant Asset Purchasers to the extent required to offer employment to the Overseas Employees in accordance therewith and on the same terms and conditions of employment (including, without limitation, applicable Benefit Arrangements except pension arrangements of the Overseas Employees at the UK Business) as were in place immediately prior to Closing.

5.23. Novation of Contracts of Employment of Overseas Employees.

The Parties agree to use all reasonable endeavors to cause the contracts of employment of any Overseas Employees, other than those employed by a Sale Company or JV Company, whose contracts of employment do not transfer (for whatever reason) by operation of law to be novated from the relevant Asset Seller to the relevant Asset Purchaser with effect from Closing on substantially the same, or equivalent to, terms and conditions of employment (including, without limitation, applicable Benefit Arrangements) as were in place immediately prior to Closing.

5.24. Purchaser Post-Closing Indemnity (Overseas Employees).

The Purchaser shall indemnify GM for itself and on behalf of the relevant Asset Sellers against all claims and liabilities in respect of the Overseas Employees including, without limitation, claims for any redundancy or severance payments and any liability for unfair or wrongful dismissal or discrimination or as a result of any other act or omissions by any member of the Purchaser Group, in each case relating to the employment or termination of the employment of any Overseas Employee after Closing and all claims arising from infringement of the rights of any employee, trade union representative or other employee representative to information, consultation or negotiation.

5.25. GM Pre-Closing Indemnity (Overseas Employees),

GM shall indemnify the Purchaser for itself and on behalf of the relevant Asset Purchasers against all claims and liabilities in respect of the Overseas Employees including, without limitation, claims for any redundancy or severance payments and any liability for unfair or wrongful dismissal or discrimination or as a result of any other act or omission by GM or the relevant member of the GM Group (other than at the request of or with the acquiescence or consent of the Purchaser or any member of the Purchaser Group), in each case relating to the employment or termination of the employment of any Overseas Employee prior to Closing and all claims arising from infringement of the rights of any employee, trade union representative or other employee representative to information, consultation or negotiation.

5.26. Consultation and Negotiation Duties.

The Purchaser represents and warrants that relevant members of the Purchaser Group have provided relevant members of the GM Group with sufficient information so as to enable them to comply in a timely manner with their information, consultation and negotiation duties under any relevant national or European Union legislation or regulations or any works council agreement or other agreement with employees or elected or trade union representatives of such employees.

5.27. Pension Schemes and Benefit Plans.

Without prejudice to the generality of the foregoing, each Transfer Agreement relating to the sale of Acquired Assets in any jurisdiction outside the United States shall incorporate provisions dealing with the transfer of any rights of Overseas Employees under any Pension Schemes. All benefit plans that are operated by the Sale Companies and the JV Companies and subject to the laws of any jurisdiction outside the United States have, in all material respects, been maintained in compliance with all applicable requirements and, if they are intended to be funded or book reserved are appropriately funded or book reserved. There are no outstanding premiums on the insurance policies relating to benefit plans operated by the Spanish Share Business and the Spanish Asset Business as of the Closing Date and such insurance policies shall be transferred to the applicable member of the Purchaser Group at the Closing.

5.28. Sales of Productive Assets.

Notwithstanding the above, it is hereby acknowledged and agreed that the sale of Acquired Assets hereunder and pursuant to the relevant Transfer Agreements relating to the German Business shall only be a sale of the assets identified in the relevant Schedules to this Agreement and the relevant Transfer Agreement and, in particular, such sales do not and shall not be deemed to include or require the transfer of employees (other than, as regards the Wuppertal and Russelsheim engineering and support operations forming part of the German Business, those persons listed as Overseas Employees) engaged in the Business at such locations to the relevant Asset Purchaser.

6. REAL PROPERTY MATTERS.

6.1. Conveyance.

With respect to the US Owned Real Property, GM will at the Closing execute and deliver to Purchaser an appropriate covenant deed in recordable form sufficient to vest in Purchaser good, marketable and insurable fee simple title to such US Owned Real Property, subject only to the Permitted Exceptions. The parties will grant (or reserve) appropriate easements if reasonably necessary, for access, utilities and other required matters so that each may reasonably operate and utilize its respective property which is adjacent to the other's property so conveyed. With respect to US Real Property Leases, GM will at Closing execute and deliver to Purchaser an appropriate assignment sufficient to vest in Purchaser GM's leasehold estate in the US Real Property Leased and/or sublease the entire premises covered by such US Real Property Lease to Purchaser for the remaining term of such Lease and with respect to any US Real Property Lease, with respect to which Purchaser receives a sublease, Purchaser will accept a subsequent assignment of such Real Property Lease in lieu of such sublease.

6.2. Title

GM has delivered to Purchaser commitments for ALTA Owner's Title Insurance Policies (10-17-92 Policy 136) with respect to the, US Owned Real Property and commitments for ALTA Leasehold Owner's Policies (10-17-92 Policy 138) with respect to certain US Leased Real Property issued by Title Insurer(s) approved by Purchaser, and has delivered copies of each exception to title referred to therein. At the Closing GM shall cause to be delivered to purchaser in form reasonably satisfactory to Purchaser an ALTA Owner's Title Insurance Policies (10-17-92 Policy 136), in the amount of Two Million Twenty Five Thousand - Dollars (US $2,025,000), relating to the Grand Rapids, Michigan, plant dated as of the Closing Date, issued to Purchaser by which title insurance policy insures that the fee simple absolute title to the parcel of US Owned Real Property described therein is marketable and valid and vested in Purchaser, subject only to the Permitted Exceptions. GM shall cause to be delivered to Purchaser in form reasonably satisfactory to Purchaser an ALTA Leasehold Owner's Policies (10-17-92) Policy 138, in the amount of Two Million Dollars (US $ 2,000,000) relating to the plant in Auburn Hills, Michigan dated as of the Closing Date, issued to Purchaser by such title insurer, which title insurance policy insures the leasehold interest of Purchaser under the US Real Property Leases with respect to the plant in Auburn Hills, Michigan. The premiums for such policy as well as the title commitment charges, including charges for title examination, shall be paid by GM. Purchaser will be responsible for all endorsements to the title policies requested by Purchaser, except for those endorsements necessary for GM to insure over any title exception that is not a Permitted Exception so that GM shall deliver title to the US Owned Real Property subject only to the Permitted Exceptions. The documents described on Schedule 6.2 are unrecorded agreements, easements, restrictions and other encumbrances. Schedule 6.2 requires in certain instances the termination, release or amendment of such unrecorded agreements, easements, restrictions and other encumbrances. The provisions of Schedule 6.2 requiring Purchaser and/or GM to accomplish any matters with respect to such unrecorded agreements,

easements, restrictions and other encumbrances shall be performed by the Parties as provided on Schedule 6.2.

6.3. Land Survey.

GM has delivered surveys ("Survey") to Purchaser and the Title Insurer, at GM's expense, prepared in accordance with minimum standard detail requirements for 1997 ALTA/ACSM surveys, Class A, prepared by a surveyor licensed in the jurisdiction in which the US Real Property is located showing the US Owned Real Property, the Auburn Hills, Michigan plant, and all known easements and rights granted by license thereon which can be depicted on the Survey, all Improvements (including fences and driveways), and access to and from a dedicated and accepted public right-of-way.

6.4. Auburn Hills Plant.

The Parties acknowledge that the lease relating to the Auburn Hills, Michigan, facility shall be amended to delete tenant's option thereunder to extend the current 8-year term.

6.5. European Real Property Matters.

At the Closing, GM shall cause each of the Asset Sellers under the applicable Transfer Agreement to sell, transfer, assign, convey and deliver, as applicable, to each of the Asset Purchasers such right and interest in the European Real Property as set forth in the Transfer Agreements. European Real Property shall be dealt with in accordance with the provisions of the applicable Transfer Agreements.

7. ENVIRONMENTAL MATTERS.

PART I

United States Business. For the avoidance of doubt, Sections 7.1 to 7.10.3 of this Article 7 only apply to the United States Business.

7.1. Definitions.

The following terms, as used in Sections 7.1 to 7.13.5, shall have the following meanings for the purposes of Part I and Part 11 of Article 7 only, whether used in the singular or plural (other terms are defined in the Sections to which they pertain):

7.1.1 ACM. "ACM" means any asbestos-containing material as defined by Environmental Laws.

7.1.2 Acquired United States Assets. "Acquired United States Assets" means the assets, rights and properties used or held for use primarily or exclusively in the United States Business.

7.1.3 Adverse Consequences. "Adverse Consequences" means any liabilities, compensatory or punitive damages, treble damages to the extent recoverable under CERCLA or state CERCLA equivalent statutes, natural resource damages, penalties, costs and fines, including reasonable attorney's fees, but excluding: (a) consequential, special or incidental damages (such as loss of profits, loss of business opportunity, loss of use, diminution in value of any property, or business interruption); and (b) any attorney's or consultant's fees or other costs incurred by an indemnitee for any matter in which the indemnitor has in good faith accepted its defense and indemnity obligations.

7.1.4 Clean Closure. An Environmental Condition will be "Clean Closed," when GM can establish the following:

(a) no Hazardous Material is present at a level which exceeds the highest of ("Industrial Remediation Standard"): (1) natural background as determined in accordance with sound and accepted scientific and engineering judgment and practice: (2) the minimum legal requirements for remediation standards established under applicable Environmental Laws for industrial property, including Restrictive Covenants as defined herein; or (3) the level determined by a site-specific risk assessment consistent with applicable Environmental Law, or

(b) the closure is approved by the Governmental Authority, consistent with applicable Environmental Law.

7.1.5 Environmental Condition. "Environmental Condition" means the presence of any Hazardous Material in the soils, surface water, outside ambient air or ground water on the United States Real Property in concentrations above the least stringent remediation standard acceptable under Environmental Laws for industrial property. This term shall include an Environmental Condition resulting from a NonCompliance Matter. The presence of any Hazardous Material in or on any of the United States Real Property or in or on any of the Acquired United States Assets or the buildings (including fixtures, appurtenances, or equipment) located in or comprising any part of the United States Real Property is not considered an Environmental Condition. If no appropriate remediation standard is specified under Environmental Laws, the remediation standard shall be established using RECOGNIZED risk assessment methodologies as set forth in Section 7.3.3 (Remedial Action Factors).

7.1.6 Environmental Laws. "Environmental Laws" means all applicable federal, territorial, national, common law, state and local laws, ordinances, statute, code, enactment, permit, consent, authorization, license, regulations, final orders and final judgments, rule, decree, injunction, or other requirement having the force and effect of law which are legally enforceable concerning the introduction, emission, discharge or release of any Hazardous Material into the air, soil or surface or ground water; the transportation, storage, treatment or disposal of any Hazardous Material; the

remediation or investigation of contamination of air, soil, or surface or ground water by any Hazardous Material; the regulation of storage tanks; or otherwise relating to pollution or the protection of human health and the environment. Environmental Laws include, but are not limited to, the following federal statutes and similar state and local laws: Clean Air Act, 42 U.S.C. 7401, et seq.; Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq.; as amended by the Superfund Amendments and Reauthorization Act of 1986 "CERCLA"; Federal Water Pollution Control Act, 33 U.S.C. 1251, et seq.; Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C." 1001, et seq.; Oil Pollution Act of 1990, et seq.; U.S.C. 2701 et seq.; Pollution Prevention Act of 1990, 42 U. S.C. 13 10 1, et seq.; Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901, et seq.; as amended by, the Hazardous and Solid Waste Amendments of 1984, "RCRA"; Safe Drinking Water Act, 42 U.S.C. 3001 et seq.; Solid Waste Disposal Act, 42 U.S.C. 6901, et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 et seq.; the Atomic Energy Act, 42 U.S.C. Section 2011 et seq.; the Hazardous Materials Transportation Act, 42 U.S.C. Section 1801 et seq.; and the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.; The following are not considered Environmental Laws: (a) laws, ordinances, regulations, final orders or final judgments, concerning primarily worker safety, including the Occupational Safety and Health Act "OSHA", and any similar state or local law or regulation; or (b) unpromulgated agency guidance documents, guidelines or directives which are not legally enforceable or duly promulgated.

7.1.7 GM Indemnitees. "GM Indemnitees" means GM, its successors and assigns, and their respective officers, directors, shareholders and employees.

7.1.8 Governmental Authority. "Governmental Authority" means any local, state or federal governmental agency with jurisdiction in the relevant matter pursuant to any Environmental Laws.

7.1.9 Hazardous Material. "Hazardous Material" means any substance regulated, defined, or designated as a "hazardous substance," "extremely or imminently hazardous substance," "hazardous material," "hazardous chemical," "hazardous or toxic pollutant," "pollutant," "toxic substance," "hazardous waste" or similar terms under Environmental Laws; and including, without limitation, petroleum and petroleum products including crude oil and any fractions thereof; asbestos; and natural gas, synthetic gas, and any mixtures thereof.

7.1.10 Knowledge. "Knowledge" means the actual knowledge, as of the date of this Agreement, of GM officers, directors, and the plant managers and environmental supervisors set forth on Schedule 7.1.9.

7.1.11 Non-Compliance Matter. "Non-Compliance Matter" means a violation of an Environmental Law by GM. The Release (except failure to report a Release in violation of Environmental Law) or presence of any Hazardous Materials in or on the soils, land surface or substrata, surface water, ground water or any other

environmental medium in, or in the vicinity of, the United States Real Property, or in or on any of the Acquired United States Assets or the buildings (including fixtures, appurtenances or equipment) located in or comprising any part of the United States Real Property are not considered NonCompliance Matters.

7.1.12 Purchaser's Indemnitees. "Purchaser's Indemnitees" means Purchaser, its successors and assigns, and their respective officers, directors, shareholders and employees.

7.1.13 Release. "Release" means any spill, emission, escape, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching, movement or migration into or through the environment (as defined under CERCLA) of any Hazardous Material, including any exacerbation or aggravation thereof, and the movement or migration, gradual or otherwise, of any Hazardous Material through or in the air, soil, surface water, ground water, or land surface or subsurface strata or formation.

7.1.14 Restrictive Covenant. "Restrictive Covenant" means restrictive covenants on the United States Real Property consistent with Purchaser's use and development of the United States Real Property for industrial purposes as described herein. The term "Restrictive Covenant" includes but is not limited to a restrictive covenant utilizing the relevant model form adopted by the Michigan Department of Environmental Quality, and shall include any of the following: (i) an agreement not to install wells on the United States Real Property, (ii) the maintenance of caps, impermeable barriers or any existing building or other existing structure on the United States Real Property, subject to the review rights set forth in Sections 7.3.9 and 7.3.10, (iii) maintenance of adequate security, including fences or similar structures, to restrict access; and (iv) any other reasonable restrictive covenant consistent with Purchaser's use and development of the United States Real Property for industrial purposes that Purchaser and GM agree to negotiate in good faith. The terms of a Restrictive Covenant shall include a mechanism to remove the restrictions under appropriate circumstances. Any maintenance required under subsections (ii) or (iii) hereunder shall not result in expenses to Purchaser that would not be incurred in the ordinary course of Purchaser's business.

7.1.15 United States Business. "United States Business" means the Business conducted at the United States Real Property.

7.1.16 United States Real Property. "United States Real Property" means the properties listed on Schedule 7.1.16.

7.2. Environmental Assessments and Compliance Audits.

7.2.1. Environmental Confidentiality and Access Agreement.

GM and Purchaser entered into an Environmental Confidentiality and Access Agreement dated March 4, 1998 (the "ECA"), which is attached to this Agreement as Exhibit 7.2.1. Except as provided in the ECA, the ECA will expire on the Closing Date.

7.2.2. Environmental Assessments.

GM's consultants conducted environmental assessments of certain parcels of the United States Real Property and prepared final environmental assessment reports, including all related environmental sampling and analytical data (the "GM Environmental Assessments"). GM has delivered final copies of all GM Environmental Assessments to Purchaser. Schedule 7.2.2.A lists the GM Environmental Assessments delivered to Purchaser. Under the ECA, Purchaser conducted its own environmental assessments of certain parcels of the United States Real Property, and prepared final environmental assessment reports, including all related environmental sampling and analytical data. (the "Purchaser Environmental Assessments"). Purchaser has delivered final copies of all Purchaser Pre-Closing Environmental Assessments to GM. Schedule 7.2.2.B lists the Purchaser Environmental Assessments delivered to GM. Neither party warrants the accuracy or completeness of the environmental assessments.

7.2.3. Environmental Compliance Audits.

GM's consultants conducted an environmental compliance audit of the United States Business operations at certain facilities and prepared final compliance audit reports (the "GM Compliance Audit Reports"). GM has delivered final copies of all GM Compliance Audit Reports to Purchaser. Schedule 7.2.3.A lists the GM Compliance Audit Reports delivered to Purchaser. Under the ECA, Purchaser conducted its own environmental compliance audit of certain United States Business operations and prepared final compliance audit reports (the "Purchaser Compliance Audits"). Purchaser has delivered final copies of all Purchaser Compliance Audits to GM. Schedule 7.2.3.B lists the Purchaser Compliance Audit Reports delivered to GM. Neither party warrants the accuracy or completeness of the environmental compliance audits.

7.2.4. Baseline Environmental Assessment.

Purchaser warrants that it will not prepare or file with the State of Michigan a Baseline Environmental Assessment as presently defined in Part 201 of the NREPA for the Grand Rapids, Michigan and the Auburn Hills, Michigan facilities, with respect to any Environmental Condition which GM agrees to remediate under Section 7.3.1.

7.3. GM Remediation and Corrective Action.

7.3.1. GM Remediation.

GM will address and/or remediate, in accordance with Sections 7.3.4 (PCBs) and 7.3.5 (ACM), and Section 7.10.3 (Apportionment), the Environmental Conditions created or caused by GM that are identified in either the GM Environmental Assessments or the Purchaser Environmental Assessments and which the parties have agreed to list on Schedule 7.3.1;

7.3.2. Remedial Action Plans.

GM will develop and implement remedial action plans for the Environmental Conditions under Section 7.3.1 (GM Remediation) only if remedial action is: (a) required by any Environmental Law; (b) required by a Governmental Authority under a judicial or administrative order issued under an Environmental Law; (c) required to prevent an actual or immediate threat to human health or the environment at the United States Real Property or surrounding property; or (d) GM, in its sole discretion, decides to perform remedial activity after conducting a risk-based evaluation. Except for situations described in Section 7.10.3 (Apportionment) and 7.10.2 (Purchaser's Defense and Indemnification Obligations), GM is solely responsible for the costs of developing and implementing a remedial action plan under this Section 7.3.2 (Remedial Action Plans).

7.3.3. Remedial Action Factors.

GM will use the following factors to develop remedial action plans:

(a) the requirements under then existing Environmental Laws;

(b) technical feasibility;

(c) cost of the proposed alternatives;

(d) ongoing industrial use; and

(e) risk based evaluations, human health and environmental risk based factors, where applicable, including, but not limited to: (i) reasonable and relevant exposure pathways consistent with continued industrial use (ii) typical simulated exposure distributions consistent with the relevant exposure pathways; (iii) fate and transport characteristics; (iv) local geology and hydrogeology; (v) toxicity of the materials in question: (vi) Restrictive Covenants on the United States Real Property; and (vii) other relevant factors employed in assessing risks to human health and the environment under generally accepted risk assessment principles and methodologies.

7.3.4. PC BS.

Subject to the limitations set forth in Section 7.10.1(f), GM will remediate PCB contamination caused or created by GM in the Grand Rapids buildings (including fixtures, appurtenances and equipment) that exceeds acceptable levels set forth in Environmental Laws for industrial property. GM will remediate the affected area consistent with applicable Environmental Law.

7.3.5. ACM.

GM will conduct an asbestos survey only of the Grand Rapids facility in accordance with generally accepted engineering standards prior to the Closing. The survey, to the extent practicable, will identify any exposed and damaged ACM in the assets and buildings at the Grand Rapids facility. GM has provided a written report of its ACM survey to Purchaser before the Closing Date. If the ACM survey report identifies any damaged, exposed, accessible, and friable ACM, GM will repair, replace or encapsulate the ACM within a reasonable period of time after the Closing Date. For purposes of this section, "accessible" means any ACM that is not sealed or enclosed or maintained in a condition that makes release of airborne asbestos fibers unlikely.

7.3.6. GM Compliance Action Plans.

GM will develop and implement compliance action plans to correct the ongoing Non-Compliance Matters identified in the GM Environmental Compliance Audit or Purchaser's Environmental Compliance Audit and which the parties have agreed to list on Schedule 7.3.6;

7.3.7. No Other Obligation.

Except as expressly described in this Article 7, GM has no remediation, defense or indemnification obligations.

7.3.8. Non-Interference.

In implementing any remedial action or compliance action required under Part I of this Article 7, or in exercising any right of access, GM will not unreasonably interfere with Purchaser's operation of the United States Business or use of the Acquired United States Assets or the United States Real Property, unless required by a Governmental Authority.

7.3.9. Purchaser's Review Period.

GM will provide Purchaser with a copy of any proposed remedial action plan or compliance action plan at least thirty (30) days before the earlier of; (a) the scheduled start date for activities under the plan; or (b) the date. GM is required, under Environmental Law, to submit the plan to a Governmental Authority. Purchaser is

entitled to review or comment on any part of the proposed plan. Purchaser will complete its review promptly, but in no event more than fifteen (15) days after Purchaser's receipt of any plan, unless required sooner by a Governmental Authority.

7.3.10. Modification Based on Purchaser's Input.

GM must modify or amend a remedial action plan or compliance action plan (unless otherwise required by a Governmental Authority) if the Purchaser establishes that the planned action: (a) would unreasonably interfere or unreasonably impair the ability of Purchaser to operate the United States Business or use the Acquired United States Assets or the United States Real Property; (b) does not meet the remediation requirements of this Article 7; (c) will not remedy a Non-Compliance Matter under Environmental Laws; (d) would fail to correct an actual and immediate threat to human health or the environment; or (e) can be modified so that it can be completed in a shorter period of time at a similar or lower cost to GM. If the parties are unable to agree on the applicability of these criteria, the dispute resolution provisions of Section 7.12 shall apply.

7.3.11. Implementation.

After review of proposed changes and comments, in accordance with this Section 7.3 (GM Remediation and Corrective Action), GM will implement the remedial action plans and compliance action plans: (a) in accordance with the time schedule; (b) in a good, safe, workerlike manner; (c) without placing any encumbrances, other than reasonable Restrictive Covenants required as part of a remedial action or compliance action, on the Acquired United States Assets or United States Real Property; and (d) in a manner that does not unreasonably interfere with Purchaser's ability to operate the United States Business, use the Acquired United States Assets, or use the United States Real Property, unless otherwise required by a Governmental Authority.

7.3.12. Clean Closure.

Once an Environmental Condition for which GM has responsibility under Section 7.3.1 is Clean Closed, GM will have no further remediation, defense or indemnification obligations to Purchaser unless such Closure is deemed inadequate and/or reopened by a Governmental Authority under applicable and legally enforceable Environmental Laws. After GM completes a Clean Closure, and subject to the preceding sentence, Purchaser will be solely responsible and liable for the condition Clean Closed to the extent provided in Part I of this Article 7, and Purchaser will defend and indemnify GM in accordance with Section 7.10.2 (Purchaser's Defense and Indemnification Obligations).

7.3.13. Purchaser's Obligations.

Purchaser will cooperate and assist GM in implementing remedial action and compliance action plans in accordance with Section 7.9.1 (Purchaser's Obligations in Connection with GM's Remedial Actions).

7.4. Access

7.4.1. GM Access.

After the Closing Date and upon reasonable notice to Purchaser, and without undue disruption of the United States Business, GM and its representatives may enter the United States Real Property to:

(a) conduct remedial action or compliance action under Section 7.3 (GM Remediation and Corrective Action);

(b) perform its obligations or exercise its rights under Part I of this Article 7;

(c) investigate or remediate an environmental condition on an adjacent GM facility (except that, if such investigation or remediation exceeds twelve months, GM will make all reasonable efforts to minimize the number of times access is needed or obtain alternate access, and shall not unreasonably disrupt or interfere with Purchaser's use of the United States Real Property).

(d) install, maintain and use any environmental monitoring or remediation equipment required by a remedial action or compliance action plan or a Government Authority;

(e) investigate or remediate a claim for indemnification, but only if GM has ongoing remedial, defense or indemnity obligations to Purchaser under Part I of this Article 7; and

(f) inspect the Acquired United States Assets and United States Real Property for Purchaser's performance of its obligations under a Restrictive Covenant or Section 7.5.3. or 7.10.3.

7.4.2. Access Limitations.

GM's access under this Section 7.4 (Access) is subject to the following: (a) Purchaser's reasonable requirements caused by daily operations or emergency conditions; and (b) Purchaser's reasonable health, safety and environmental requirements.

7.5. United States Real Property - Use Restrictions.

7.5.1. Generator-Only Status.

In the event that Purchaser allows any of the United States Real Property to become a treatment, storage or disposal facility as that term is defined in RCRA and State RCRA equivalent statute, Purchaser agrees that GM will have no further responsibility with respect to any Environmental Conditions or those Non-Compliance Matters not included in Schedule 7.3.5 at such facility as of the date such facility becomes a treatment, storage or disposal facility. Purchaser further agrees to indemnify and hold GM harmless with respect to any such Environmental Conditions or Non-Compliance Matters existing at such facility on or after the date such facility becomes a treatment, storage or disposal facility.

7.5.2. Transfers.

Except for any transfer by Purchaser to GM, any agreement for the transfer of any interest in the United States Real Property through sale, lease, lease assignment, license, sublease, easement or otherwise, will (a) incorporate the rights and obligations of Purchaser and GM under Part I of this Article 7 and impose the obligations on any subsequent user, occupant or transferee of the United States Real Property; (b) restrict use of the United States Real Property to industrial (including warehouse) use consistent with any Restrictive Covenants that may be placed on the United States Real Property; (c) provide that Restrictive Covenants may be eliminated as an encumbrance upon the United States Real Property in accordance with their terms; and (d) provide that the Restrictive Covenants are directly enforceable by GM against Purchaser and any subsequent user, occupant or transferee of the United States Real Property.

7.5.3. Removal of Improvements.

If Purchaser demolishes or removes a building, structure or other improvement which is located above an Environmental Condition for which GM has some responsibility under Part I of this Article 7, Purchaser will, at its sole cost, replace the building, structure or other improvement with a barrier or other engineering control of equivalent protection or take other appropriate action with regard to the Environmental Condition.

7.5.4. Cost of New Development.

If Purchaser develops any part of the United States Real Property and such development requires the removal and disposal or other disposition of soil, sediment or water that is within an Environmental Condition for which GM has some responsibility under Part I of this Article 7, Purchaser agrees to pay all costs associated with the removal and disposal or other disposition of such soil, sediment or water, except as follows: subject to the limitations set forth in Sections 7.10.1(f)(i)

and (v), GM agrees to pay twenty percent (20%) of the increased cost of such removal and disposal or other disposition resulting from the Environmental Conditions. GM's obligation under this Section 7.5.4 shall only be triggered if the increased cost of such removal and disposal or other disposition exceeds $25,000 per development for any development that commences during the first three (3) years after the Closing Date and $50,000 per development for any development that commences between the third and fifth anniversary of the Closing Date. For purposes of this Section 7.5.4, development shall mean the placement of a new building, structure, equipment, or other capital improvement on the United States Real Property. Purchaser agrees to promptly notify GM in writing if Purchaser becomes aware of facts that may give rise to a claim under this Section 7.5.4, and shall provide reasonable access to GM to observe the activities giving rise to any such claim.

7.5.5. Notice Filing.

GM is entitled to file any notice or other instrument after providing prior reasonable notice to Purchaser: (a) required by any current or future Environmental Law for any remedial or compliance action by GM under Part I of this Article 7, (b) necessary to implement any Restrictive Covenant authorized to be imposed under Part I of this Article 7; or (c) necessary to prohibit the demolition or removal of any Building, structure or other improvement located on the United States Real Property and within an Environmental Condition for which GM has some responsibility under Part I of this Article 7. An instrument filed under this Section 7.5.5 (Notice Filing) must permit Purchaser to remove the building, structure or other improvement in accordance with Section 7.5.3 (Removal of Improvements).

7.6. Transition - Permits / Environmental Committee.

7.6.1. Environmental Permits.

As of the date of this Agreement, GM holds the environmental permits, licenses, and authorizations listed in Schedule 7.6.1 (the "Environmental Permits"). GM represents and warrants that as of the date of this Agreement, the Environmental Permits constitute all such permits required by Environmental Laws, except as disclosed on Schedule 7.8.7 and that no action is pending to revoke any of the Environmental Permits. GM has received no notice from a Governmental Authority that any reasonable basis exists to deny, or require GM to modify substantially, any of the Environmental Permits.

7.6.2. Transfer.

At Closing, GM, at its own cost, will transfer to Purchaser the Environmental Permits listed on Schedule 7.6.1.A - permits which can be transferred to Purchaser as a matter of law. Schedule 7.6.1.B lists Environmental Permits which cannot be transferred to Purchaser as a matter of law or which cannot be transferred before

Closing. Schedule 7.6.1.C lists Environmental Permits that will not be transferred to Purchaser by GM, and will remain with GM as permittee, or will be closed by GM. GM will cooperate with Purchaser to transfer to Purchaser or to obtain reissuance to Purchaser the Environmental Permits listed on Schedule 7.6.1.B. However, Purchaser will be solely responsible for obtaining or effecting the transfer or reissuance to Purchaser of all Environmental Permits listed on Schedule 7.6.1.B. GM and Purchaser will cooperate with one another to obtain any consents, reviews or approvals necessary to transfer, reissue or obtain the Environmental Permits.

7.6.3. Environmental Committee.

Purchaser and GM will establish an Environmental Committee to facilitate environmental transition issues. The Environmental Committee will:

(a) consist of two representatives from each Party;

(b) meet from time to time as necessary under prevailing circumstances, or at the request of either Party, at a mutually agreed location;

(c) coordinate the scheduling and implementation of remedial action plans and compliance action plans under Section 7.3 (GM Remediation and Corrective Action);

(d) coordinate and facilitate the transfer of Environmental Permits;

(e) coordinate and facilitate the separation or transfer of utility services;

(f) coordinate the scheduling of transition issues involving utilities, services, or wastes; and

(g) address other scheduling or coordination issues arising under this Article 7.

Each Party will designate from time to time, by written notice to the other, a contact person who will be primarily responsible for coordinating and managing that Party's participation on the Environmental Committee. The Environmental Committee does not have the authority to (a) act as a dispute resolution committee, or (b) modify or amend the terms of this Agreement.

7.7. Waste Management.

7.7.1. Hazardous Waste Removal.

GM will properly dispose of any hazardous waste, as defined under RCRA or State RCRA equivalent statutes generated by GM at the United States Real Property

and manifested as of the Closing Date. GM will remove the hazardous waste containers from the United States Real Property before or shortly after the Closing Date. Immediately following the Closing, Purchaser will remove and properly dispose of (under its own generator identification number as set forth in Section 7.7.2) any wastes, including but not limited to hazardous wastes, resulting from Purchaser's Pre-Closing investigation(s) of the United States Real Property and Acquired United States Assets.

7.7.2. Post-Closing Waste Management.

To the extent allowed by law, Purchaser will obtain new RCRA and TSCA generator identification numbers for hazardous waste and PCBs. Except to the extent the law requires otherwise, Purchaser will refrain from using any generator identification numbers issued to GM for the United States Real Property. Purchaser will be responsible for all wastes, including but not limited to hazardous wastes, generated or accumulated by Purchaser after the Closing at the United States Real Property. GM shall be responsible for any wastes generated or accumulated by GM in the course of any remediation for which GM is responsible under Part I of this Article 7.

7.7.3. No Arrangement for Disposal.

GM and Purchaser acknowledge that this sale and transfer of assets is in the ordinary course of business and is not intended, nor will be deemed to be, an arrangement for treatment, storage or disposal of any of the Acquired United States Assets or any substances or materials contained on the United States Real Property, and Purchaser will not assert any claim or cause of action against GM based on these matters.

7.8. GM's Representations and Warranties.

In addition to GM's representations and warranties in Section 7.6.1 (Environmental Permits), GM represents and warrants that, as of the date of this Agreement:

7.8.1 No Actions. Except as set forth on Schedule 7.8.1, there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter, existing or, to GM's Knowledge, threatened, relating to the United States Business, the Acquired United States Assets or the United States Real Property under any Environmental Law which, as of the Closing Date, has not been cured, resolved or paid, as the case may be.

7.8.2 No Notices. Except as set forth on Schedule 7.8.2, GM has not received from any Governmental Authority any written request for information, notice of claim, demand or notification that GM is or may be potentially responsible for the investigation or cleanup of any Release or any threatened Release relating to the

United States Business, the Acquired United States Assets or the United States Real Property.

7.8.3 No Listing. Except as set forth on Schedule 7.8.3, none of the United States Real Property is listed or proposed for listing on the National Priority List promulgated pursuant to CERCLA or any similar list of sites of environmental contamination under state CERCLA equivalent statutes.

7.8.4 Except as set forth in Schedule 7.8.4, to GM's Knowledge, the United States Real Property, the United States Business and the Acquired United States Assets are not in violation of Environmental Laws.

7.8.5 Except as set forth in Schedule 7.8.5, to GM's Knowledge, no Hazardous Materials have been used, stored, manufactured, treated, processed or transported on or from the United States Real Property or Acquired United States Assets except as reasonable to the conduct of the United States Business and in compliance with Environmental Laws.

7.8.6 Except as set forth on Schedule 7.8.6, to GM's Knowledge, there has been no disposal, release or threatened release of Hazardous Materials on or from the United States Real Property or Acquired United States Assets, except in compliance with Environmental Laws.

7.8.7 Except as set forth on Schedule 7.8.7, to GM's Knowledge, the Environmental Permits are in full force and effect and GM is in compliance with all terms thereof.

7.8.8 No Liens. Except as set forth on Schedule 7.8.8, no Lien has attached to the Acquired United States Assets or the United States Real Property under any Environmental Law which has not been removed or discharged of record.

7.8.9 Except in the case of fraud or willful misconduct, Purchaser's sole and exclusive remedy for breach of representations and warranties set forth in this Section 7.8 shall be limited to the remedies set forth in Section 7.10.1 (GM's Defense and Indemnification Obligations).

7.9. Purchaser's Covenants, Obligations and Acknowledgments.

7.9.1. Purchaser Obligations in Connection with GM's Remedial Actions. Purchaser will:

(a) reasonably cooperate with GM and its representatives to assist GM in implementing remedial actions or compliance actions in accordance with Section 7.3.10 (Implementation), including, without limitation, assisting GM

in obtaining any required governmental approvals, consents, authorizations, waivers, or permits;

(b) consent to the imposition of Restrictive Covenants in order to assist GM in obtaining Clean Closure of Environmental Conditions identified in Section 7.3.1 (GM Remediation);

(c) take other actions that are reasonably necessary and appropriate to allow GM to implement any remedial action or compliance action plan, including, without limitation, restricting public access to the United States Real Property and maintaining equipment or material installed by GM in connection with a remedial action plan or compliance action plan (actions required under this Section 7.9.1(c) shall not result in expenses to Purchaser that would not be incurred in the ordinary course of Purchaser's business);

(d) exercise due care so as not to adversely affect the installation, operation, or maintenance of any action, measure or remedy existing or taken at the United States Real Property before the Closing Date or later under any remedial action or compliance action plan; and

(e) provide GM reasonable access to services, including potable water, electric and telephone utilities, security or conveyance facilities, in connection with GM's post-closing activities on the United States Real Property. GM will pay the costs for the services it uses, or reimburse the Purchaser for such costs upon receipt of a detailed invoice, as appropriate under the circumstances.

7.9.2. Disclosure and Recordation.

Purchaser will record any information or notice under applicable state Environmental Law disclosure requirements, provided, however, that Purchaser will not record any information or notice concerning Environmental Conditions caused or created by GM without GM's consent, unless otherwise required by law. If such information or notice is required by law, Purchaser agrees to give GM prior notice of such information or notice in the event that GM has any remediation or indemnity obligation with respect to the Environmental Conditions.

7.9.3. Purchaser's Additional Acknowledgments.

Purchaser acknowledges that except as set forth in Sections 7.6.1 (Environmental Permits) and 7.8 (GM's Representations and Warranties), (a) GM has not made any representations or warranties to Purchaser with respect to environmental matters; (b) Purchaser has examined and investigated the physical nature and environmental condition of the United States Real Property as set forth in the Purchaser's Environmental Assessments and Purchaser's Compliance Audits at Schedules 7.2.2 B and 7.2.3 B; and (c) Purchaser has not discovered any facts not disclosed to GM in writing which are inconsistent with or contrary to GM's

representations and warranties in Sections 7.6.1 (Environmental Permits) and 7.8 (GM's Representations and Warranties).

7.10. Defense and Indemnification Obligations.

7.10.1. GM's Defense and Indemnification Obligations.

Subject to Sections 7.3.11 (Clean Closure) and 7.10.3 (Apportionment) GM will indemnify and defend the Purchaser's Indemnitees from and against any and all Adverse Consequences to which they may be subjected as a result of a claim based upon the following:

(a) any claim which pertains to an Environmental Condition or Non-Compliance Matter for which GM has responsibility under Section 7.3 (GM Remediation and Correction Action), including off-site migration, or which pertains to PCBs or ACM for which GM has responsibility under Sections 7.3.4 or 7.3.5;

(b) any off-site treatment, transportation, storage or disposal of Hazadous Materials generated and manifested by GM prior to closing or generated by GM after closing in the course of implementing its obligations under Part I of this Article 7.

(c) GM's acts or omissions during its access to the Acquired United States Assets or the United States Real Property pursuant to Section 7.4.1 (GM Access), provided the claim is asserted within 24 months after the cause of action arises;

(d) any claim by a lessor of property to GM (which lease interest is now passing to Purchaser as a result of this Agreement) seeking compliance with an Environmental Law or recovery of fines, penalties or other statutory sanctions or impositions, if the claim (i) pertains to violations of Environmental Laws by GM while it was in possession of the property and that has not been remedied or eliminated, and (ii) is based on the lessor's rights under its lease with GM;

(e) third party claims relating to breaches of GM's representations and warranties made at Sections 7.6.1 and 7.8, provided (i) the claim is asserted within five (5) years after the Closing Date, (ii) GM's liability for any Claim is limited to the amount of Adverse Consequences in excess of $25,000 for any Claim discovered during the first three (3) years after the Closing Date and $50,000 for any Claim discovered between the third and fifth anniversary of the Closing Date; (iii) Purchaser discovered the breach during normal and routine operations of the business; and (iv) GM's liability for such claims is limited to an aggregate maximum of $5,000,000. Except in the case of fraud

or willful misconduct, this Section 7.10.1(e) contains the sole and exclusive provisions relating to recovery for a breach of any representation or warranty under Sections 7.6.1 and 7.8;

(f) claims for Environmental Conditions caused or created by GM not identified under Section 7.3, provided (i) the claim is asserted within five (5) years after the Closing Date; (ii) the claim is either a third party claim or a claim relating to Environmental Conditions which Purchaser is obligated to address under applicable Environmental Laws; (iii) GM's liability for any Claim is limited to the amount of Adverse Consequences in excess of $25,000 for any Claims discovered during the first three (3) years after the Closing Date and $50,000 for any Claims discovered between the third and fifth anniversary of the Closing Date; (iv) Purchaser discovered the Environmental Condition during normal and routine operations of the business; and (v) GM's liability for such claims is limited to an aggregate maximum of $5,000,000. The $5,000,000 maximum hereunder shall apply in the aggregate to claims brought under Sections 7.3.4, 7.5.4, 7.10.1(e), 7.10.1(f), 7.18.3, 7.22.1(e), and 7.22.1(f). For purposes of Sections 7.10.1(e)(ii) and (f)(iii), a "Claim" shall mean all claims discovered as set forth herein during a three-month calendar quarter.

7.10.2. Purchaser's Defense and Indemnification Obligations. Subject to Section 7.10.3 (Apportionment), Purchaser will indemnify, defend and hold harmless GM Indemnitees from and against any and all Adverse Consequences, to which they may be subjected as a result of a claim based upon:

(a) any Release, Non-Compliance Matter, or Environmental Condition relating to the United States Real Property, the United States Business, or the Acquired United States Assets caused or created by Purchaser after the Closing Date or created or caused by Purchaser at any time in the course of performing its pre-closing due diligence activities;

(b) any Release, Non-Compliance Matter or Environmental Condition existing before the Closing Date to the extent caused by, contributed to, or aggravated by Purchaser;

(c) any offsite treatment, offsite transportation, offsite storage, or offsite disposal of Hazardous Materials generated and manifested by Purchaser;

(d) claims asserted with respect to any Environmental Condition after it has been Clean Closed, subject to Section 7.3.12 (Clean Closure);

(e) the presence of PCBs or ACMs in or on the United States Real Property except to the extent that GM has explicitly provided Purchaser an indemnity under Section 7.10.1 (GM's Defense and Indemnification Obligations);

(f) any claims for Environmental Conditions created or caused by GM not identified under Section 7.3, provided: (i) the Environmental Condition is discovered more than five (5) years after the Closing Date; (ii) the claim is either a third party claim or a claim relating to Environmental Conditions which GM is obligated to remediate under applicable Environmental Laws; (iii) Purchaser's liability for any Claim is limited to the amount of Adverse Consequences in excess of $25,000 between the fifth and eighth anniversary of the Closing Date and $50,000 thereafter; and (iv) Purchaser's liability for such claims, is limited to an aggregate maximum of $5,000,000. For purposes of Section 7.10.2(f)(iii), a "Claim" shall mean all claims discovered during a three-month calendar quarter.

7.10.3. Apportionment.

Purchaser will be responsible for any additional costs or liability from the intermingling of a Release on the United States Real Property with an Environmental Condition for which GM is responsible, but only if the intermingling Release was caused or created by Purchaser, its agents, employees, contractors, successors or assigns. Each party will be responsible for any additional adverse consequences caused by its own post closing actions or omissions which contribute to or aggravate any Environmental Condition or Non-Compliance Matter for which the other Party is responsible under Sections 7.10.1 (GM's Defense and Indemnification Obligations) or 7.10.2 (Purchaser's Defense and Indemnification Obligations). Liability will be determined by the Parties as soon as reasonably practicable based upon each Party's relative contribution to the Environmental Condition or Non-Compliance Matter.

PART II

The terms of Sections 7.10.4 through 7.13.5 shall apply to Article 7, Parts I and III.

7.10.4. Indemnification Procedures.

Any claim for indemnity under this Article 7 shall be governed by the indemnification procedures of Sections 10.2.2 and 10.4 of this Agreement.

7.10.5. Third-Party Claims.

Neither Party will initiate any action with any third party, including any Governmental Authority or Regulatory Authority, which could reasonably be expected to lead to a claim, against the other Party unless the action is a disclosure in accordance with Section 7.11.3 (Disclosures). Upon a disclosure under Section 7.11.3 (Disclosures), each Party is entitled to pursue any actions reasonably necessary in connection with the claim. If either Party, in performance of this Article 7, remediates or incurs costs or damages from a condition for which a third party may be

responsible or liable, the Parties will cooperate in pursuing any claim for recovery of costs and damages against the responsible third party. Cooperation includes but is not limited to a Party acting as the real party in interest and assigning any rights or causes of action against any third party relating to a claim or the proceeds of a claim to the other Party.

7.11. Confidentiality.

7.11.1. Environmental Confidentiality Agreement.
This Agreement supersedes the terms and conditions of the ECA except for any accrued claims, including but not limited to, accrued claims against third parties who have signed the ECA acknowledgment.

7.11.2. Confidentiality Obligations.
Except as provided in Section 7.11.3 (Disclosures), neither Party will disclose to any third party the following:

(a) environmental information, including reports, provided under the ECA or this Agreement;

(b) information concerning remediation or compliance actions under this Article 7;

(c) information concerning investigations, inspections, or audits performed under this Article 7;

7.11.3. Disclosures.
Subject to Section 7.11.4 (Notification) either Party may:

(a) comply with any Environmental Law or Applicable Environmental Law that requires disclosure of information about the environmental condition of the Combined Business or the Acquired Assets;

(b) respond to a Governmental Authority's or Regulatory Authority's legally authorized request (written or oral) for information during an on-site inspection of the Acquired Assets;

(c) mitigate a penalty if the penalty is not subject to any indemnification under this Article 7; and

(d) disclose information that is: (i) necessary to operate the Combined Business; (ii) necessary to perform its obligations or exercise its rights under

this Agreement; or (iii) necessary for a good faith attempt to obtain debt or equity financing related to the Acquired Assets; provided that before disclosure, the disclosing Party will require the third party to sign an acknowledgment and covenant, enforceable by both GM and Purchaser, prohibiting the third party from making any further disclosure of the information to any other person or entity without the other Party's written consent.

7.11.4. Notification.

Each Party will notify the other Party of any disclosure the disclosing Party intends to make under Section 7.11.3 (Disclosures), but only to the extent the disclosure relates to matters for which the other Party has, or may have, primary responsibility under this Article 7. The Party receiving the notification, will have a reasonable time, under the circumstances, to review the intended disclosure. The disclosing Party will consider requests by the other Party to modify the disclosure and will use reasonable efforts to incorporate the other Party's comments in any disclosure and to avoid unnecessarily disclosing information the other Party considers confidential. If either Party received a demand, request or order for DISCLOSURE FROM a Governmental Authority or a Regulatory Authority or a court for any ENVIRONMENTAL information, the receiving party will (a) promptly provide the other party with a copy of the demand, request or order and, (b) to the extent allowed by law, afford the other Party with the opportunity to contest the disclosure. Both Parties will reasonably cooperate with one another to contest the demand, request or order.

7.11.5. Public Information.

This Section 7.11 (Confidentiality) will not apply to any information that already has been disclosed and is in the public domain unless the disclosure is in violation of this Article 7, the ECA, the Services Agreement, or any acknowledgment and covenant required under Section 7.11.3 (Disclosures) or under the ECA.

7.12. Dispute Resolution.

7.12.1 Dispute Resolution Procedures.

If a dispute arises between the parties hereto and that dispute cannot be resolved through good faith discussions within a reasonable period of time, either party hereto may notify the other party that the dispute is to be submitted to arbitration. In the event that notice of submission of the dispute to arbitration is provided by either party, the parties jointly shall select an environmental expert reasonably qualified (including reasonably qualified as to the customs and practices, Environmental Laws or Applicable Environmental Laws of the jurisdiction where the dispute physically arises) to arbitrate such dispute (the "Independent Expert"). The Independent Expert shall have the right to obtain the assistance of legal counsel mutually acceptable to GM and Purchaser in arbitrating the dispute, if the

Independent Expert determines that such assistance is necessary. Notwithstanding any other provision hereof, the parties hereto shall each bear its own costs and one-half of the cost of the Independent Expert and its legal counsel, if any. If the parties hereto cannot agree on an Independent Expert, they shall apply to the American Arbitration Association for the appointment of an Independent Expert. The Independent Expert shall establish an expedited procedure for hearings and resolving the dispute. Unless the parties hereto agree otherwise, the Independent Expert shall be required to render a decision resolving the dispute, with a written opinion stating the reasons therefor, no more than 60 days after the Independent Expert is retained. The decision -of the Independent Expert shall be final and binding and a court of competent jurisdiction may enter judgment thereon. The dispute resolution procedures of this Section 7.12.1 shall constitute the exclusive remedy of the parties hereto with respect to any disputes arising out of the environmental provisions in Article 7.

7.13. Miscellaneous.

7.13.1. Designation of Representatives.

Each Party will designate, by written notice to the other, a contact person who will be primarily responsible for coordinating and managing that Party's activities and responsibilities under this Article 7.

7.13.2. Exclusivity.

This Article 7 will! exclusively govern all matters related to current and future Environmental Laws and current and future Applicable Environmental Laws and the environmental condition and compliance status of the Combined Business and the Acquired Assets. The rights and obligations provided in this Article 7 contain the exclusive remedies of the Parties with respect to environmental matters and will be in lieu of, and not in addition to, all other remedies which may exist at law, in equity or under any other contract or agreement and neither Party may assert any claim with respect to any environmental matter against the other which is not authorized in this Article 7. The Parties hereby expressly waive any and all remedies or causes of action with respect to environmental matters that each might otherwise have against the other, but that are not authorized under this Article 7. All of the representations, warranties, covenants, agreements and indemnities set forth in this Agreement, or any other agreement between the Parties with respect to the transactions contemplated by this Agreement, other than those specifically set forth in this Article 7 will BE DEEMED to exclude all matters relating to the environmental condition of the Acquired Assets or compliance of the Acquired Assets and the Combined Business, with current and future Environmental Laws and current and future Applicable Environmental Laws. The Parties reserve the right to seek injunctive or other relief to the extent available under the law for any breach of this Article 7 and any damage or cost recovery in respect of the breach in any dispute resolution or other proceeding regarding any

breach under Section 7.12 (Dispute Resolution) or otherwise will, except as otherwise set forth in Section 7.12 (Dispute Resolution), be limited to the Adverse Consequences caused by the breach.

7.13.3. Covenant Not to Sue.

Except for breaches of this Article 7 by the other Party, each Party covenants not to sue the other Party for any environmental matter relating to the Combined Business (a) for which the other Party has no defense or indemnity obligation under this Article 7; or (b) for which the other Party's defense and indemnification obligations under this Article 7 have expired under contract (including this Agreement), current or future Environmental Laws, Applicable Environmental Laws, other laws, or the common law or in equity. In addition, except for matters reserved under Sections 7.3.12, 7.16.10 and 7.21.40) (Clean Closure), Purchaser covenants not to sue GM for any environmental matter which has been Clean Closed under Sections 7.3.12, 7.16.10 or 7.21.40) (Clean Closure). If a claim has been asserted before the expiration of an applicable time period, the other Party's obligation to defend and indemnify will continue for that claim. Nothing in this Article 7, will affect the Parties' rights and causes of action arising under Section 11.3 (Assignment).

7.13.4. Reporting.

Except as provided in Section 7.11 (Confidentiality), Purchaser will submit all required reports to Governmental Authorities or Regulatory Authorities for any environmental matter for which Purchaser has primary responsibility under this Article 7. Except as provided in Section 7.11 (Confidentiality), GM will submit all required reports to Governmental Authorities or Regulatory Authorities for environmental matters for which GM has primary responsibility under this Article 7. The parties will cooperate reasonably to prepare and submit the reports. Notwithstanding Section 7.11 (Confidentiality), if Purchaser is required by Environmental Law or Applicable Environmental Law to submit a report dealing solely with the operation of the Combined Business before the Closing Date, GM will, at its sole cost, prepare and submit the report. Subject to Section 7.11 (Confidentiality), Purchaser will, at its sole cost, be responsible for all reports required to operate the Combined Business after the Closing Date. If current or future Environmental Laws or Applicable Environmental Laws require reports which cover a time period that includes some time both before and after the Closing Date, the Parties will cooperate reasonably to prepare and submit a joint report, unless Environmental Laws or Applicable Environmental Laws allow separate reporting for pre- and post-Closing periods. Where a joint report is required or where both Parties are required to submit reports, each Party will provide the other Party the opportunity to review and comment under Section 7.11.4 (Notification).

7.13.5. Notices.

Notices required under this Article 7 will be considered given when provided in accordance with Section 11.2 to the persons designated below:

For GM:

Anthony P. Thrubis
Office of General Counsel
General Motors Corporation.
Mail Code 482-112-149
3044 West Grand Boulevard
Detroit, Michigan 48202

Marilyn J. Dedyne
General Motors Corporation
Mail Code 482-310-004
485 West Milwaukee
Detroit, Michigan 48202

For Purchaser:

Rebecca M. Spearot
Lear Corporation
21557 Telegraph Road
Southfield, Michigan 48034

PART III: Non-US Business. For the avoidance of doubt, Sections 7.14 to 7.22.3 of this Article 7 only apply to the Non-US Business.

7.14. Definitions.

The following terms, as used in Sections 7.10.4 to 7.22 shall have the following meanings for the purposes of Part II and Part III of Article 7 only whether used in the singular or plural (other terms are defined in the Sections to which they pertain):

7.14.1 Acquired International Assets. "Acquired International Assets" MEANS THE assets, rights and properties used or held for use primarily or exclusively in the NonUS Business.

7.14.2 Adverse Consequences. "Adverse Consequences" means any liabilities or compensatory damages, natural resource damages, penalties, costs and fines, including reasonable attorney's fees, but excluding: (a) consequential, special or incidental damages (such as loss of profits, loss of business opportunity, loss of use. diminution in value of any property, or business interruption); and (b) any attorney's

or consultant's fees or other costs incurred by an indemnitee for any matter in which the indemnitor has in good faith accepted its defense and indemnity obligations.

7.14.3 Applicable Environmental Laws. "Applicable Environmental Laws" means the Environmental Laws of the jurisdiction in which the Environmental Condition, Non-Compliance Matter, Release or off-site disposal of Hazardous Matter physically arises.

7.14.4 Clean Closure. An Environmental Condition will be "Clean Closed", when the party conducting clean closure can establish the following:

(a) no Hazardous Material is present at a level which exceeds the highest of: (1) natural background as determined in accordance with sound and accepted scientific and engineering judgment and practice; (2) the minimum legal requirements for remediation standards established under Applicable Environmental Laws for industrial property, including Restrictive Covenants as defined herein (3) any obligation (to the extent more stringent than Applicable Environmental Laws) contained in the lease to the relevant JV Company or Sale Company if the facility or property in question is leased to a JV Company or Sale Company or (4) the level determined by a site-specific risk assessment allowed by and consistent with Applicable Environmental Laws, ("Industrial Remediation Standard"), or

(b) the closure is approved by the Regulatory Authority, consistent with Applicable Environmental Laws.

7.14.5 Environmental Condition. "Environmental Condition" means the presence of any Hazardous Material in the soils, surface water, outside ambient air or ground water on the NonUS Properties or the Short Presence Properties and/or any real property formerly but not at the Closing Date owned by any Sale Company or JV Company, in concentrations above the least stringent remediation standard acceptable under Applicable Environmental Law for industrial property. This term shall include an Environmental Condition resulting from a GM Non-Compliance Matter or a Purchaser Non-Compliance Matter. The presence of any Hazardous Material in or on any of the Non-US Properties or the Short Presence Properties or in or on any of the Acquired International Assets, or the buildings (including fixtures, appurtenances, or equipment) located in or comprising any part of the Non-US Properties or SHORT Presence Properties is not considered an Environmental Condition. Where Applicable Environmental Laws allows choice between use of remediation standards and recognized risk assessment methodologies as set forth in Sections 7.16.3(e) and 7.21.4(c)(v) (Remedial Action Factors) such recognized risk assessment methodologies shall be used.

7.14.6 Environmental Laws . "Environmental Laws" means all applicable federal, territorial, national, common law, provincial, constitutional, state and local laws, ordinances, statute and subordinate legislation. code, enactment, permit, consent,

authorization, license, registration, filing, exemption, regulations, final orders and final judgments, rule, decree, injunction, or other requirement having the force and effect of law which are legally enforceable concerning the introduction, emission, discharge or release of any Hazardous Material into the air, soil or surface or ground water; the transportation, storage, treatment or disposal of any Hazardous Material; the remediation or investigation of contamination of air, soil, or surface or ground water by any Hazardous Material; the regulation of storage tanks; or otherwise relating to pollution or the protection of human health and the environment. Environmental Laws shall not include laws, ordinances, regulations, final orders or final judgments, concerning primarily worker safety, and any similar national, state or local law or regulation.

7.14.7 GM Indemnitees. "GM Indemnitees" means GM, the Asset Sellers, the Securities Sellers, their successors and assigns, and their respective officers, directors and employees.

7.14.8 GM Nor.-Compliance Matter. "GM Non-Compliance Matter" means a violation of an Applicable Environmental Law by GM and/or the relevant Asset Seller and/or the relevant Securities Seller and/or prior, to Closing relevant Sale Company and/or prior to Closing relevant JV Company in or about the Non-US Properties and/or the Short Presence Properties. The Release (except failure to report a Release in violation of Applicable Environmental Law) or presence of any Hazardous Materials in or on the soils, land surface or substrata, SURFACE WATER, ground water or any other environmental medium in, or in the vicinity of the Non-US Properties or Short Presence Properties or in or on any of the Acquired International Assets or the buildings (including fixtures, appurtenances or equipment) located in or comprising any part of the Non-US Properties or Short Presence Properties are not considered Non-Compliance Matters.

7.14.9 Hazardous Material. "Hazardous Material" means any substance regulated, defined, or designated as a "hazardous substance", "extremely or imminently hazardous substance", "substance resulting in environmental degradation", "hazardous material", "hazardous chemical", "hazardous or toxic pollutant", "pollutant", "toxic substance", "hazardous waste" or similar terms under the Applicable Environmental Laws; and including, without limitation, petroleum and petroleum products including crude oil and any fractions thereof; asbestos; and natural gas, synthetic gas, AND ANY mixtures thereof.

7.14.10 Knowledge. "Knowledge" means the actual knowledge, as of the date of this Agreement, of GM officers, directors. and the plant managers and environmental supervisors set forth on Schedule 7.14. 10.

7.14.11 Non-US Business. "Non-US Business" means collectively the Business conducted at the Non-US Properties and the Short Presence Properties.

7.14.12 Non-US Properties. "Non-US Properties" means the GM properties which are pursuant to this Agreement transferred to the Purchaser or relevant Asset Purchaser or Securities Purchaser and which are described on Schedule 7.14.12.

7.14.13 Purchaser Non-Compliance Matte "Purchaser Non-Compliance Matter" means a violation of an Applicable Environmental Law by the Purchaser and/or the relevant Asset Purchaser and/or relevant Securities Purchaser and/or post Closing the Sale Companies and/or post Closing the JV Companies in or about the Non-US Properties or Short Presence Properties. The Release (except failure to report a Release in violation of Applicable Environmental Law) or presence of any Hazardous Materials in or on the soils, land surface or substrata, surface water, ground water or any other environmental ntediurn in, or in the vicinity of, the Non-US Properties or Short Presence Properties or in or on any building (including fixtures, appurtenances or equipment) located it. or comprising any part of the Non-US Properties or Short Presence Properties are not considered Non-Compliance Matters.

7.14.14 Purchaser's Indemnitees. "Purchaser's Indernriftees" means Purchaser, the Asset Purchasers, the Securities Purchasers and/or post Closing the JV Companies and/or post Closing the Sale Companies their successors and assigns, and their respective officers, directors, and employees.

7.14.15 Regulatory Authority. "Regulatory Authority" means any local, state, federal, provincial or national agency or other such legal person or entity, with jurisdiction in the relevant matter pursuant to the Applicable Environmental Laws.

7.14.16 "Release" means any spill, emission, escape, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching, movement or migration into or through the environment of any Hazardous Material including any exacerbation or aggravation thereof, and the movement or migration, gradual or Otherwise, of any Hazardous Material through or in the air, soil, surface water, ground water, or land surface or subsurface strata or formation.

7.14.17 Restrictive Covenant. "Restrictive Covenant" means restrictive covenants on real property to the extent allowed by Applicable Environmental Laws and consistent with use and development of the real property for industrial purposes as DEFINED herein. The term "Restrictive Covenant" includes but is not limited to (i) an agreement not to install potable wells, (ii) the maintenance of caps, impermeable barriers or any existing building or other existing structure subject to the review rights set forth in Sections 7.16.7, 7.16.8 and 7.21.4, (iii) maintenance of adequate security, including fences or similar structures to restrict access, and (iv) any other reasonable restrictive covenant consistent with use and development of the relevant property for industrial purposes that the Purchaser and GM agree to negotiate in good faith. The terms of a Restrictive Covenant shall include a mechanism to remove the restrictions under appropriate circumstances. Any maintenance required under sub-sections (ii) or (iii) hereunder shall not result in expenses to the property owner or occupier that would not be incurred in the ordinary course of business.

7.14.18 Short Presence Properties. "Short Presence Properties" means collectively the GM properties or parts thereof which will be operated by the Purchaser or a member of the Purchaser Group for a short time and then returned to GM or the relevant member of the GM Group and which are described on Schedule 7.14.18.

7. 15. Non-US Environmental Assessments and Compliance Audits.

7.15.1. Environmental Confidentiality and Access Agreement.

As stated at Section 7.2.1, above GM and Purchaser entered into an Environmental Confidentiality and Access Agreement dated March 4, 1998 (the "ECA"), which is attached to this Agreement as Exhibit 7.2.1. Except as provided in the ECA, the ECA will expire on the Closing Date.

7.15.2. Environmental Assessments.

GM's consultants conducted environmental assessments of certain parcels and prepared final environmental assessment reports, (the "GM Non-US Environmental Assessments"). GM has delivered final copies of all GM Non-US Environmental Assessments to Purchaser. Schedule 7.15.2.A lists the GM Non-US Environmental Assessments delivered to Purchaser. Under the ECA, Purchaser conducted its own environmental assessments of certain parcels and prepared final environmental assessment reports, including all related environmental sampling and analytical data (the "Purchaser Non-US Environmental Assessments"). Purchaser has delivered final copies of all Purchaser Non-US Environmental Assessments to GM. Schedule 7.15.2.B lists the Purchaser Non-US Environmental Assessments delivered to GM. Neither party warrants the accuracy or completeness of the environmental assessments.

7.15.3. Environmental Compliance Audits.

GM's consultants conducted an environmental compliance audit of certain facilities and prepared final compliance audit reports (the "GM Non-US Compliance Audit Reports"). GM has delivered final copies of all GM Non-US Compliance Audit Reports to Purchaser. Schedule 7.15.3.A lists the GM Non-US Compliance Audit Reports delivered to Purchaser. Under the ECA, Purchaser conducted its own environmental compliance audit of certain facilities and prepared final compliance audit reports (the "Purchaser Non-US Compliance Audits"). Purchaser has delivered final copies of all Purchaser Non-US Compliance Audits to GM. Schedule 7.15.3.B lists the Purchaser Non-US Compliance Audit Reports delivered to GM. Neither party warrants the accuracy or completeness of the environmental compliance audits.

7.16. GM Remediation and Corrective Action - Non- US.

7.16.1. GM Remediation.

GM will address and/or remediate, in accordance with Section 7.22.3 (Apportionment), Environmental Conditions at the Non-US Properties created or caused by GM or the relevant Sale Company and/or the relevant JV Company that are identified in either the GM Non-US Environmental Assessments or the Purchaser Non-US Environmental Assessments and which the parties have agreed to list on Schedule 7.16. 1.

7.16.2. G Remedial Action Plans.

GM will develop and implement remedial action plans for the Environmental Conditions under Section 7.16.1 (GM Remediation) only if remedial action is: (a) required by any Applicable Environmental Law; (b) required by a Regulatory Authority under a judicial or administrative order issued under an Applicable Environmental Law; G required to prevent an actual or immediate threat to human health or the environment at the Non-US Properties or surrounding property; or (d) GM, in its sole discretion, decides to perform remedial activity after conducting a risk-based evaluation. Except for situations described in Section 7.22.3 (Apportionment) and 7.22.2 (Purchaser's Defense and Indemnification Obligations Non-US), GM is solely responsible for the costs of developing and implementing a remedial action plan under this Section 7.16.2 (Remedial Action Plans).

7.16.3. Remedial Action Factors. GM will use the following factors to develop remedial action plans:

(a) the requirements under then existing Applicable Environmental Laws;

(b) technical feasibility;

(c) cost of the proposed alternatives;

(d) ongoing industrial use; and

(e) risk based evaluations, human health and environmental risk based factors, where applicable, including, but not limited to: (i) reasonable and relevant exposure pathways consistent with continued industrial use; (ii) typical simulated exposure distributions consistent with the relevant exposure pathways; (iii) fate and transport characteristics; (iv) local geology and hydrogeology; (v) toxicity of the materials in question; (vi) Restrictive Covenants of the Non-US Properties-, and (vii) other relevant factors employed in assessing risks to human health and the environment under generally

accepted risk assessment principles and methodologies in the relevant legal jurisdiction.

7.16.4. G Compliance Action Plans.

GM will develop and implement compliance action plans with respect to the Non-US Properties and the Short Presence Properties to correct Non-Compliance Matters identified in either the GM Non-US Environmental Compliance Audit or Purchaser's Non-US Environmental Compliance Audit and which the parties have agreed to list on Schedule 7.16.4.

7.16.5. No Other Obligation.

Except as expressly described in this Article 7, neither GM nor any Securities Seller nor any Asset Seller has any remediation, defense or indemnification obligations.

7.16.6. Non-Interference.

In implementing any remedial action or compliance action required under Part III of this Article 7, or in exercising any right of access, GM will not unreasonably interfere with Purchaser's operation of the Non-US Business or use of the Acquired International Assets, Short Presence Properties or the Non-US Properties unless required by a Regulatory Authority.

7.1 5 .7. Purchaser's Review Period.

GM will provide Purchaser with a copy of any proposed remedial action plan or compliance action plan at least thirty (30) days before the earlier of. (a) the scheduled start date for activities under the plan; or (b) the date GM is required, under current Applicable Environmental Law to submit the plan to a Regulatory Authority. Purchaser is entitled to review or comment on any part of the proposed plan. Purchaser will complete its review promptly, but in no event more than fifteen (15) days after Purchaser's receipt of any plan, unless required sooner by a Regulatory Authority.

7.16.8. Modification based on Purchaser's Input.

GM must modify or amend a remedial action plan or compliance action plan (unless otherwise required by a Regulatory Authority) if the Purchaser establishes that the planned action: (a) would unreasonably interfere or unreasonably impair the ability of Purchaser to operate the Non-US Business or use the Acquired International Assets, the Non-US Properties or the Short Presence Properties; (b) does not meet the remediation requirements of Part III of this Article .7. (c) will not remedy a NonCompliance Matter under Applicable Environmental Laws; (d) would fail to correct an actual and immediate threat to human health or the environment; or (e) can be

modified so that it can be completed in a shorter period of time at a similar or lower cost to GM. If the parties are unable to agree on the applicability of these criteria, the dispute resolution provisions of Section 7.12 shall apply.

7.16.9. Implementation.

After review of proposed changes and comments, in accordance with this Section 7.16 (GM Remediation and Corrective Action Non-US), GM will implement the remedial action plans and compliance action plans: (a) in accordance with the time schedule; (b) in a good, safe, workerlike manner; (c) without placing any encumbrances, other than reasonable Restrictive Covenants required as part of a remedial action or compliance action on the Acquired International Assets, the NonUS Properties or the Short Presence Properties; and (d) in a manner that does not unreasonably interfere with Purchaser's ability TO OPERATE THE NON-US BUSINESS OR USE the Acquired International Assets, the Non-US Properties or the Short Presence Properties unless otherwise required by a Regulatory Authority.

7.16.10. Clean Closure.

Once an Environmental Condition for which GM has responsibility under Section 7.16.1 is Clean Closed, GM will have no further remediation, defense or indemnification obligations to Purchaser unless such Closure is deemed inadequate and/or reopened by a Regulatory Authority under Applicable Environmental Laws. After GM completed a Clean Closure and subject to the preceding sentence, Purchaser will be solely responsible and liable for the condition Clean Closed to the extent provided in Part III of this Article 7 and indemnify the GM Indemnities in accordance with Section 7.22.2 (Purchaser's Defense and Indemnification Obligations).

7.16.1l. Purchaser's Obligations.

Purchaser will cooperate and will procure that the relevant Asset Purchaser, and/or Securities Purchaser, and/or after Closing the relevant Sale Company and/or JV Company will cooperate and assist GM in implementing remedial action and compliance action plans in accordance with Section 7.21.1 (Purchaser's Obligations in Connection with GM's Remedial Actions - NonUS).

7 17. Access - Non-US.

7.17.1. GM Access.

After the Closing Date and upon reasonable notice to Purchaser, and without undue disruption of Non-US Business, GM and its representatives may enter the NonUS Properties and/or the Short Presence Properties to:

(a) conduct remedial action or compliance action under Section 7.16 (GM Remediation and Corrective Action – Non-US);

(b) perform its obligations or exercise its rights under Part III of this Article 7;

(c) investigate or remediate an environmental condition on an adjacent GM facility (except that, if. such investigation or remediation exceeds twelve months, GM will make all reasonable efforts to minimize the number of times access is needed, or obtain alternate access and shall not unreasonably disrupt or interfere with Purchaser's use of the Non-US Properties);

(d) install, maintain and use any environmental monitoring or remediation equipment required by a remedial action or compliance action plan or a Regulatory Authority;

(e) investigate or remediate a claim for indemnification, but only if GM has ongoing remedial, defense or indemnity obligations to the Purchasers' Indemnitees under Part III of this Article 7; and

(f) inspect the Acquired International Assets, the Non-US Properties and the Short Presence Properties for Purchaser's performance of its obligations under a Restrictive Covenant or Section 7.18.2 or 7.22.3.

7.17.2. Access Limitations.

GM's access under this Section 7.17 (Access) is subject to the following: (a) Purchaser's reasonable requirements caused by daily operations or emergency conditions; and (b) Purchaser's reasonable health, safety and environmental requirements.

7.18. Use Restrictions – Non-US.

7.18.1. Transfers.

Except for any transfer by Purchaser or member of the Purchaser Group to GM, or member of the GM Group, any agreement for transfer of any interest in the Non-US Properties through sale, lease, lease assignment, license, sublease, easement or otherwise will (a) incorporate the rights and obligations of Purchaser and GM under Part III of this Article 7 and impose the obligations on any subsequent user, occupant or transferee of the Non-US Properties; (b) restrict use of the Non-US Properties to industrial (including warehouse) use consistent with any Restrictive Covenants that may be placed on the relevant Non-US Properties; (c) provide that Restrictive Covenants may be eliminated as an encumbrance upon the relevant NonUS Properties in accordance with their terms; and (d) provide that the restrictive

covenants are directly enforceable by GM against Purchaser or the relevant member of the Purchaser Group and any subsequent user, occupant or transferee of the Non-US Properties.

7.18.2. Removal of Improvements.

If Purchaser or member of the Purchaser Group or any relevant Sale Company or JV Company demolishes or removes a building, structure or other improvement which is located above an Environmental Condition for which GM has some responsibility under Part III of this Article 7, Purchaser will, at its sole cost, replace the building, structure or other improvement with a barrier or other engineering control of equivalent protection or take other appropriate action with regard to the Environmental Condition.

7.18.3. Cost of New Development.

If Purchaser or member of the Purchaser Group or, after Closing any Sale Company or JV Company develops any part of the Non-US Properties and such development requires the removal and disposal or other disposition of soil, sediment or water that is within an Environmental Condition for which GM has some responsibility under Part III of this Article 7, Purchaser agrees to pay all costs associated with the removal and disposal or other disposition of such soil, sediment or water except as follows: subject to the limitations set forth in Section 7.22.1(f)(i) and (v), GM agrees to pay twenty percent (20%) of the increased cost of such removal and disposal or other disposition resulting from the Environmental Conditions. GMs obligation under this Section 7.18.3 shall only be triggered if the increased cost of such removal and disposal or other disposition exceeds $25,000 per development for any development that commences during the first three (3) years after the Closing Date and $50,000 per development for any development that commences between the third and fifth anniversary of the Closing Date. For purposes of this Section 7.18.3, development shall mean the placement of a new building, structure, equipment or other capital improvement on the Non-US Properties. Purchaser agrees to promptly notify GM in writing if Purchaser becomes aware of facts that may give rise to a claim under this Section 7.18.3 and shall provide reasonable access to GM to observe the activities giving rise to any such claim.

7.18.4. Notice Filing.

GM or any member of the GM Group is entitled to file any notice or other instrument after providing prior reasonable notice to Purchaser: (a) required by any current or future Applicable Environmental Law for any remedial or compliance action by GM under Part III of this Article 7, (b) necessary to implement any Restrictive Covenant authorized to be imposed under Part III of this Article 7; or (c) necessary to prohibit the demolition or removal of any building, structure or other improvement located on the relevant Non-US Properties and within an Environmental Condition for which GM has some responsibility under Part III of this Article 7. An

instrument filed under this Section 7.18.4 (Notice Filing) must permit Purchaser to remove the building, structure or other improvement in accordance with Section 7.18.2 (Removal of Improvements).

7.19. Transition - Non-US Permits - Environmental Committee and Waste Management.

7.19.1. Non-US Environmental Permits.

As of the date of this Agreement in respect of the Non-US Properties and the Short Presence Properties, GM or the relevant Sale Company or JV Company or Asset Seller holds or has the benefit of all permits, licenses, and authorizations listed in Schedule 7.19.1 (the "Non-US Environmental Permits"). GM represents and warrants that as of the date of this Agreement, the Non-US Environmental Permits constitute all such permits required by Applicable Environmental Laws, except as disclosed on Schedule 7.20.7 and that no action is pending to revoke any of the Non-US Environmental Permits. GM has received no notice from a Regulatory Authority that any reasonable basis exists to deny, or require GM or the relevant Sale Company or JV Company or Asset Seller to modify substantially any of the Non-US Environmental Permits.

7.19.2. Non-US IS Environmental Permits - Transition.

Within 21 days of Closing Purchaser, or the relevant Asset Purchaser, at its own cost, will transfer or cause to be transferred to Purchaser or relevant Asset Purchaser the Non-US Environmental Permits listed on Schedule 7.19.2. On change of name of the Sale Companies and JV Companies post-Closing, the Sale Companies and JV Companies may need to have reissued to them their Non-US Environmental Permits in the new names of the Sale Companies and JV companies. GM will cooperate with Purchaser to obtain such reissuance of the Non-US Environmental Permits. However, Purchaser or the relevant Sale Companies and JV Companies will be solely responsible for obtaining or effecting such reissuance of their Non-US Environmental Permits. To the extent lawful under Applicable Environmental Laws, GM or the relevant member of the GM Group will permit the Purchaser or the relevant Asset Purchaser or relevant member of the Purchaser Group to operate at the Short Presence Properties with the benefit of GM's or the relevant GM Group member's environmental permits applicable to operations at the Short Presence Properties. The costs of such operations under such environmental permits shall be borne between the parties as set out in the Schedules to the Transition Services Agreement. However to the extent that the Purchaser or relevant member of the Purchaser Group cannot lawfully operate at any Short Presence Property under an environmental permit of GM or relevant member of the GM Group, Purchaser will be solely responsible for obtaining any and all environmental permits required under Applicable Environmental Laws for its operations or those of any member of the Purchaser Group conducted at the Short Presence Properties.

7.19.3. Environmental Committee.

Purchaser and GM agree that the Environmental Committee established under Section 7.6.3 will also facilitate environmental transition issues in relation to the Non-US Properties and the Short Presence Properties.

7.19.4. Hazardous Waste Removal.

GM will properly dispose of any hazardous waste, as defined under Applicable Environmental Law generated by GM or the relevant Asset Seller, Sale Company or JV Company at any of the Non-US Properties and Short Presence Properties and manifested as of the Closing Date. GM will remove the hazarous waste containers from any of the Non-US Properties or the Short Presence Properties before or shortly after the Closing Date. Immediately following the Closing, Purchaser will remove and properly dispose of any wastes, including but not limited to hazardous wastes, resulting from Purchaser's Pre-Closing investigation(s) of any of the Non-US Properties, Short Presence Properties or Acquired International Assets.

7.19.5. Post-Closing Waste Management.

Purchaser will be responsible for all wastes, including but not limited to hazardous wastes, generated or accumulated by Purchaser or the relevant Asset Purchaser or Securities Purchaser, Sale Company or JV Company or any OTHER person acting as their agent after the Closing. GM shall be responsible for any wastes generated or accumulated by GM in the course of any remediation for which GM is responsible under Part III of this Article 7.

7.19.6. No Arrangement for Disposal

GM and Purchaser acknowledge that the transactions contemplated by this Agreement constitute a sale and transfer of assets and shares in the ordinary course of business and are not intended, nor will be deemed to be, an arrangement for treatment, storage or disposal of any of the Acquired International Assets or any substances or materials contained on the Non-US Properties or the Short Presence Properties and Purchaser will not assert and will procure that post-Closing the relevant Asset Purchaser and Securities Purchaser will not assert any claim or cause of action against GM, the Asset Sellers or Securities Sellers based on these matters.

7.20. GM's Representations and Warranties - Non-US.

In addition to GM's representations and warranties in Section 7.19.1 (Environmental Permits), GM represents and warrants that, as of the date of this Agreement:

7.20.1 No Actions. Except as set forth on Schedule 7.20. 1, there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter, existing or, to GM's Knowledge, threatened, relating to the Non-US Business, Non-US Properties, Short Presence Properties, or Acquired International Assets under ANY APPLICABLE ENVIRONMENTAL Law which, as of the Closing Date, has not been cured, resolved or paid, as the case may be.

7.20.2 No Notices. Except as set forth on Schedule 7.20.2, GM has not received from any Regulatory Authority any written request for information, notice of claim, demand or notification that GM is or may be potentially responsible for the investigation or cleanup of any Release or any threatened Release relating to the Non-US Business, Non-US Properties, Short Presence Properties, or Acquired International Assets.

7.20.3 Except as set forth in Schedule 7.20.3, to GM's Knowledge, the Non-US Properties, Short Presence Properties and Acquired International Assets are not in violation of Applicable Environmental Laws.

7.20.4 Except as set forth in Schedule 7.20.4, to GM's Knowledge, no Hazardous Materials have been used, stored, manufactured, treated, processed or transported on or from the NON-US Properties, Short Presence Properties, or Acquired International Assets except as reasonable to the conduct of the Non-US Business and in compliance with Applicable Environmental Laws.

7.20.5 Except as set forth on Schedule 7.20.5, to GM's Knowledge, there has been no disposal, release or threatened release of Hazardous Materials on or from the Non-US Properties, Short Presence Properties, or Acquired International Assets except in compliance with Applicable Environmental Laws.

7.20.6 No Liens. Except as set forth on Schedule 7.20.6, no Lien has attached to the Non-US Properties, Short Presence Properties, or Acquired International Assets under any Applicable Environmental Law which has not been removed or discharged of record.

7.20.7 Except as set forth on Schedule 7.20.7 to GM's Knowledge, the Non-US Environmental Permits are in full force and effect and GM is in compliance with all material terms thereof.

7.20.8 Except in the case of fraud or willful misconduct, Purchaser's sole and exclusive remedy for breach of representations and warranties set forth in this Section 7.20 shall be limited to the remedies set forth in Section 7.22. 1.

7.20.9 The representations and warranties in Sections 7.20.1 through 7.20.6 shall also apply to any real property formerly but not at the Closing Date owned by any Sale Company or JV Company except that such representations and warranties shall be

deemed made as of the time such real property was previously transferred by the Sale Company or the JV Company.

7. 21. Purchaser's Covenants, Obligations and Acknowledgments - Non-US.

7.21.1. Purchaser Obligations in Connection with GM's Remedial Actions- Non-US.

Purchaser will or will procure that the relevant Asset Purchaser or Securities Purchaser or post-Closing the relevant Sale Company or JV Company will:

(a) reasonably cooperate with GM and its representatives to assist GM in implementing remedial actions or compliance actions in accordance with Section 7.16.10 (Implementation), including, without limitation, assisting GM in obtaining or filing any required regulatory approvals, licenses, consents, authorizations, waivers, permits, registrations, filings, exemptions or the like;

(b) consent to the imposition of Restrictive Covenants in order to assist GM in obtaining Clean Closure of Environmental Conditions identified in Section 7.16.1 (GM Remediation);

(c) take other actions that are reasonably necessary and appropriate to allow GM to implement any remedial action or compliance action plan, including, without limitation, restricting public access and maintaining equipment or material installed by GM in connection with a remedial action plan or compliance action plan (action required under this Section 7.21.1(c) shall not result in expenses to Purchaser or the Securities Purchaser or the relevant Asset Purchaser or post-Closing the relevant Sale Company or JV Company that would not be incurred in the ordinary course of its business);

(d) exercise due care so as not to adversely affect the installation, operation, or maintenance of any action, measure or remedy existing or taken before the Closing Date or later under any remedial action or compliance action plan; and

(e) provide GM reasonable access to services, including potable water, electric and telephone utilities, security or conveyance facilities, in connection with GM's post-Closing activities. GM will pay the costs for the services it uses, or reimburse the Purchaser or the relevant Asset Purchaser or relevant Securities Purchaser or post-Closing the relevant Sale Company or relevant JV Company for such costs upon receipt of a detailed invoice, as appropriate under the circumstances.

7.21.2. Disclosure and Recordation.

Purchaser or the relevant Asset Purchaser, or relevant Securities Purchaser or post-Closing the relevant Sale Company or JV Company will record any information or a notice under Applicable Environmental Law disclosure requirements, provided, however, that Purchaser or the relevant Asset Purchaser or relevant Securities Purchaser or post-Closing the relevant Sale Company or JV Company will not record any information or notice concerning Environmental Conditions at any of the GM facilities outside the US (including the Non-US Properties and the Short Presence Properties) caused or created by GM or any Asset Seller or Security Seller or Sale Company or JV Company without GM's consent, unless otherwise required by law. If such information or notice is required by law, Purchaser agrees to give GM prior notice of such information or notice in the event that GM has any remediation or indemnity obligation with respect to the Environmental Conditions.

7.21.3. Purchaser's Additional Acknowledgments.

Purchaser acknowledges that except as set forth in Sections 7.19.1 (Non-US Environmental Permits) and 7.20 (GM's Representations and Warranties - Non-US), (a) GM has not made any representations or warranties to Purchaser with respect to environmental matters: (b) Purchaser has examined and investigated the physical nature and environmental condition of certain parcels and facilities as set forth in the Non-US Environmental Assessments and Compliance Audits at Schedules 7.15.2B and 7.15.3B; and (c) Purchaser has not discovered any facts not disclosed to GM in writing which are inconsistent with or contrary to GM's representations and warranties in Sections 7.19.1 (Non-US Environmental Permits) and 7.20 (GM's Representations and Warranties - Non-US).

7.21.4. Purchaser Remediation and Corrective Action - Non-US.

(a) Purchaser Remediation. Purchaser will address and/or remediate, in accordance with Section 7.22.2 (Apportionment), Environmental Conditions created or caused by the Purchaser or any Asset Purchaser or any member of the Purchaser Group or any agent or contractor of the Purchaser or of the Purchaser Group during their period of occupancy or presence on any of the Short Presence Properties;

(b) Purchaser Remedial Action Plans. Purchaser will develop and implement remedial action plans for the Environmental Conditions under Section 7.21.4(a) (Purchaser Remediation) only if remedial action is: (i) required by any Applicable Environmental Law; (ii) required by a Regulatory Authority under a judicial or administrative order issued under an Applicable Environmental Law; (iii) required to prevent an actual or immediate threat to human health or the environment at the Short Presence Properties or property surrounding the Short Presence Properties or (iv) Purchaser, in its sole discretion, decides to perform remedial activity after conducting a risk-based

evaluation. Except for situations described in Section 7.22.3 (Apportionment) and 7.22.1 (GM's Defense and Indemnification Obligations- Non-US), Purchaser is solely responsible for the costs of addressing, developing and implementing a remedial action Plan under this Section 7.21.4(b) (Remedial Action Plans);

(c) Remedial Action Factors. Purchaser will use the following factors to develop remedial action Plans:

(i) the requirements under then existing Applicable Environmental Laws;

(ii) technical feasibility;

(iii) cost of the proposed alternatives;

(iv) ongoing industrial use; and

(v) risk based evaluations, human health and environmental risk based factors, where applicable, including, but not limited to: (i) reasonable and relevant exposure pathways consistent with continued industrial use; (ii) typical simulated exposure distributions consistent with the relevant exposure pathways; (iii) fate and transport characteristics; (iv) local geology and hydrogeology; (v) toxicity of the materials in question; and (vi) other relevant factors employed in assessing risks to human health and the environment under generally accepted risk assessment principles and methodologies in the relevant legal jurisdiction.

(d) Purchaser Compliance Action Plans - Non-US. Purchaser will develop and implement compliance action plans with respect to the Short Presence Properties, to correct Non-Compliance Matters created or caused by Purchaser or any Asset Purchaser or any member of the Purchaser Group or any agent or contractor of the Purchaser Group after the Closing Date on any Short Presence Property;

(e) No Other Obligation. Except as expressly described in this Article 7, neither Purchaser nor the relevant Asset Purchaser nor the relevant Securities Purchaser nor any member of the Purchaser Group have any remediation, defense or indemnification obligations.

(f) Non-Interference. In developing, addressing or implementing any remedial action or compliance action required under this Section 7.21.4, or in exercising any right of access, neither the Purchaser nor any Asset Purchaser nor any member of the Purchaser Group nor any agent or contractor of the Purchaser Group will unreasonably interfere with GM's use of the Short Presence Properties unless required by a Regulatory Authority;

(g) GM's Review Period. Purchaser will provide GM with a copy of any proposed remedial action plan or compliance action plan at least thirty (30) days before the earlier of: (i) the scheduled start date for activities under the plan; or (ii) the date Purchaser or relevant member of the Purchaser Group is required, under current Applicable Environmental Law to submit the plan to a Regulatory Authority. GM is entitled to review or comment on any part of the proposed plan. GM will complete its review promptly, but in no event more than fifteen (15) days after GM's receipt of any plan, unless required sooner by a Regulatory Authority;

(h) Modification Based on GM's Input. Purchaser must modify or amend a remedial action plan or compliance action plan compiled pursuant to Section 7.21.4(h) (unless otherwise required by a Regulatory Authority) if GM establishes that the planned action: (i) would unreasonably interfere or unreasonably impair the ability of GM to operate the Short Presence Properties; (ii) does not meet the remediation requirements of Part III of this Article 7; (iii) will not remedy a Non-Compliance Matter under current Applicable Environmental Laws; (iv) would fail to correct an actual and immediate threat to human health or the environment; or (v) can be modified so that it can be completed in a shorter period of time at a similar or lower cost to Purchaser. If the parties are unable to agree on the applicability of these criteria, the dispute resolution provisions of Section 7.12 shall apply;

(i) Implementation. After review of proposed changes and comments, in accordance with this Section 7.21.4 (Purchaser Remediation and Corrective Action - Non-US), Purchaser will implement the remedial action plans and compliance action plans: (i) in accordance with the time schedule; (ii) in a good, safe, workerlike manner; (iii) without placing any encumbrances other than reasonable Restrictive Covenants required as part of a remedial action or compliance action on the Short Presence Properties; and (iv) in a manner that does not unreasonably interfere with GM's ability to operate the Short Presence Properties unless otherwise required by a Regulatory Authority;

(j) Clean Closure. Once an Environmental Condition for which the Purchaser has responsibility under Section 7.21.4(a) is Clean Closed, Purchaser will have no further, remediation, defense or indemnification obligations to GM unless such Closure is deemed inadequate and/or reopened by a Regulatory Authority under the then existing Applicable Environmental Laws. After completion of a Clean Closure, and subject to the preceding sentence, GM will be solely responsible and liable for the condition Clean Closed to the extent provided in Part III of this Article 7, and GM will defend and indemnify the Purchaser's Indemnitees in accordance with Section 7.22.1 (GM's Defense and Indemnification Obligations);

(k) GM's Covenants, Obligations and Acknowledgements - Non-US. GM will, and will procure that any relevant member of the GM Group will:

(i) reasonably cooperate with Purchaser and its representatives to assist Purchaser in implementing remedial actions or compliance actions in accordance with Section 7.21.40(j) (Implementation), including, without limitation, assisting Purchaser in obtaining or filing any required regulatory approvals, licenses, consents, authorizations, waivers, permits, registrations, filings, exemptions or the like;

(ii) consent to the imposition of Restrictive Covenants in order to assist Purchaser in obtaining Clean Closure of any Environmental Conditions for which Purchaser is responsible;

(iii) take other actions that are reasonably necessary and appropriate to allow Purchaser to implement any remedial action or compliance action plan, including, without limitation, restricting public access and maintaining equipment or material installed by Purchaser and/or GM as the case may be in connection with a remedial action plan or compliance action plan;

(iv) exercise due care so as not to adversely affect the installation, operation, or maintenance of any action, measure or remedy existing or taken before the Closing Date or later under any remedial action or compliance action plan; and

(v) provide Purchaser access to services, including potable water, electric and telephone utilities, security or conveyance facilities, in connection with Purchaser's remedial action or compliance action activities. Purchaser will pay the costs for the services it uses, or reimburse GM or the relevant member of the GM Group for such costs upon receipt of a detailed invoice, as appropriate under the circumstances.

(l) Purchaser Access. After cessation or expiry of occupancy or presence by Purchaser or the relevant Asset Purchaser or member of the Purchaser Group of any Short Presence Property and upon reasonable notice to GM, and without undue disruption, Purchaser and its representatives may enter the relevant Short Presence Property to:

(i) conduct remedial action or compliance action under Section 7.21.4 (Purchaser Remediation and Corrective Action - Non-US);

(ii) perform its obligations or exercise its rights under Part III of this Article 7;

(iii) investigate or remediate an environmental condition on an adjacent GM facility (except that, if such investigation or remediation exceeds twelve months, Purchaser will make all reasonable efforts to minimize the

number of times access is needed or obtain alternative access, and shall not unreasonably disrupt or interfere with GM's use or any use by any member of the GM Group of the property;

(iv) install, maintain and use any environmental monitoring or remediation equipment required by a remedial action or compliance action plan or a Regulatory Authority;

(v) investigate or remediate a claim for indemnification, but only if Purchaser has ongoing remedial, defense or indemnity obligations to the GM Indemnitees under Part III of this Article 7;

(vi) inspect the Short Presence Properties for GM's performance of its obligations under a Restrictive Covenant.

(m) Access Limitations. Purchaser's access under Section 7.21.4(m) (Access) is subject to the following: (i) GM's or any member of GM Group's reasonable requirements caused by daily operations or emergency conditions; and (ii) GM's or any member of GM Group's reasonable health, safety and environmental requirements.

7.22. Defense and Indemnification Obligations - Non-US.

7.22.1. GM's Defense and Indemnification Obligations.
Subject to Sections 7.16.10 (Clean Closure), 7.22.1(g) (JV Company Adverse Consequences) and 7.22.3 (Apportionment) GM will indemnify and defend the Purchaser for and on behalf of the Purchaser's Indemnitees from and against any and all Adverse Consequences to which they may be subjected as a result of a claim based upon the following:

(a) any claim which pertains to an Environmental Condition or Non-Compliance Matter on any of the Non-US Properties or Short Presence Properties for which GM has responsibility under Section 7.16 (GM Remediation and Correction Action) including offsite migration;

(b) any off-site treatment, transportation, storage or disposal of Hazardous Material generated by and manifested to GM or any Sale Company or any JV Company prior to closing or generated by GM after closing in the course of implementing its obligations under Part III of Article 7;

(c) GM's acts or omissions during its access to the Acquired International Assets; the Non-US Properties or the Short Presence Properties pursuant to Section 7.17.1 (GM Access), provided the claim is asserted within 24 months after the cause of action arises;

(d) any claim by a lessor of any of the Non-US Properties (which lease interest is now passing to Purchaser as a result of this Agreement) seeking compliance with Applicable Environmental Law or recovery of fines, penalties or other statutory sanctions or impositions, if the claim (i) pertains to an Environmental Condition or Non-Compliance Matter created or caused prior to closing by GM or any relevant Sale Company or JV Company while it was in possession of the relevant Non-US Properties for which GM has responsibility under Section 7.16 and that has not been remedied or eliminated, (ii) is based on the lessor's rights under its lease with GM or the Sale Company or the JV Company as may be the case;

(e) third party claims relating to breaches of GM's representations and warranties made at Section 7.20, provided (i) the claim is asserted within five years after the Closing Date, (ii) GM's liability for any such Claim is limited to the amount of Adverse Consequences in excess of $25,000 for any Claim discovered during the first three (3) years after the Closing Date and $50,000 for any Claim discovered between the third and fifth anniversary of the Closing Date; (iii) Purchaser discovered the breach during normal and routine operations of the Non-US Business; and (iv) GM's liability for such claims together with any and all claims under Parts I and III of this Article 7 is limited to an aggregate maximum of $5,000,000. Except in the case of fraud or willful misconduct this Section 7.22.1(e) contains the sole and exclusive provisions relating to recovery for a breach of any representation or warranty under Section 7.20;

(f) claims for Environmental Conditions caused or created by GM or its agents or contractors not identified under Section 7.16, including Environment Conditions at any real property formerly but not at the Closing Date owned by any Sale Company or JV Company provided (i) the claim is asserted within five years after the Closing Date; (ii) the claim is either a third party claim or a claim relating to Environmental Conditions which Purchaser is obligated to address under Applicable Environmental Laws; (iii) GM's liability for any Claim is limited to the amount of Adverse Consequences in excess of $25,000 for any Claims discovered during the first three (3) years after the Closing Date and $50,000 for any Claims discovered between the third and fifth anniversary of the Closing Date; (iv) Purchaser discovered the Environmental Condition during normal and routine operations of the Non-US Business; and (v) GM's liability for such claims together with any and all claims under Parts I and III of this Article 7 is limited to an aggregate maximum of $5,000,000. The $5,000,000 maximum shall apply in the aggregate to claims brought under both Parts I and III of this Article 7. For purposes of Subsections 7.22.1 (e)(ii) and 7.22.1 (f)(iii), a "Claim" shall mean all claims discovered as set forth herein during a three-month calendar quarter;

(g) JV Company Adverse Consequences. With respect to any Adverse Consequences of a JV Company suffered by a Purchaser's Indemnitee (but not Adverse Consequences) of a Purchaser's Indemnitee owning such a JV Company), GM's liability shall be limited to that percentage of any such Adverse Consequences that the ownership interest of the relevant Securities Seller at Closing constituted as a percentage of the total issued share capital of such JV Company;

(h) Claims asserted with respect to any Environmental Condition at the Short Presence Properties after it has been Clean Closed, subject to Section 7.16.10 (Clean Closure).

7.22.2. Purchaser's Defense and Indemnification Obligations - Non-US.

Subject to Section 7.21.4 (j) (Clean Closure), 7.22.3 (Apportionment), Purchaser will indemnify, defend and hold harmless GM for and on behalf of the GM Indemnitees from and against any and all Adverse Consequences to which they may be subjected as a result of a claim based upon:

(a) any Release, Non-Compliance Matter, or Environmental Condition relating to the Non-US Properties, the Short Presence Properties, the Acquired International Assets or the NON-US Business caused or created by Purchaser any member of the Purchaser Group or any Asset Purchaser or any Sale Company or any Securities Purchaser or any JV Company or any agent or contractor thereof after Closing or created or caused by Purchaser or any Asset Purchaser or any Securities Purchaser any time in the course of performing its pre-closing due diligence activities;

(b) any Release, Non-Compliance Matter or Environmental Condition at the Non-US Properties existing before the Closing Date to the extent caused by, contributed to, or aggravated by Purchaser or any Asset Purchaser or any Securities Purchaser or any member of the Purchaser Group;

(c) any offsite treatment, offsite transportation, offsite storage or offsite disposal of Hazardous Materials generated or manifested by Purchaser or any Sale Company or any JV Company or any Securities Purchaser post Closing;

(d) any liability under Applicable Environmental Laws to any third party (including any employee of GM or of any Asset Seller) in respect of any Release, Non-Compliance Matter or Environment Condition relating to the Short Presence Properties arising from Purchaser's or Asset Purchaser's or member of the Purchaser Group's or agent or contractor of the Purchaser Group's occupation of, or acts or omissions at the Short Presence Properties provided the claim by the third party is made within 5 years of the Purchaser's or any member of the Purchaser's Group's or Asset Purchaser's vacation of, or act or omission by the Purchaser or member of the Purchaser's

Group or Asset Purchaser or agent or contractor of the Purchaser Group in or about, the Short Presence Properties to which claim relates;

(e) any claims for Environmental Conditions caused by GM not identified under Section 7.22.1, provided: (i) the Environmental Condition is discovered more than five years after the Closing Date; (ii) the claim is either a third party claim or a claim relating to Environmental Conditions which GM is obligated to remediate under Applicable Environmental Laws; (iii) Purchaser's liability for any Claim is limited to the amount of Adverse Consequences in excess of $25,000 between the fifth and eighth anniversary of the Closing Date and $50,000 thereafter; and (iv) Purchaser's liability for such claims together with any and all claims under Parts I and III of this Article 7 is limited to an aggregate maximum of $5 million. For purposes of the Subsection 7.22.2(e)(iii), a "Claim" shall mean all claims discovered during a three-month calendar quarter;

(f) Claims asserted with respect to any Environmental Condition at the Non US Properties after it has been Clean Closed, subject to Section 7.21.4(j) (Clean Closure).

(g) Purchaser's acts or omissions during its access to the Short Presence Properties pursuant to Section 7.21.4(l) (Purchaser's Access) provided the claim is asserted within 24 months after the cause of action arises.

7.22.3. Apportionment.

Purchaser will be responsible for any additional costs or liability from the intermingling of a Release post-Closing on the Non-US Properties with an Environmental Condition for which GM is responsible under Section 7.16, and GM shall be responsible for any additional costs or liability from the intermingling of an Environmental Condition existing at the Short Presence Properties prior to the Closing Date or a Release at the Short Presence Properties following the cessation of the Purchaser's or relevant member of the Purchaser's Group's occupation or presence of the relevant Short Presence Property with an Environmental Condition for which the Purchaser is responsible under Section 7.21.4 but only if the intermingling of such Environment Condition or Release was caused or created (i) in the case of the Purchaser's responsibility hereunder by Purchaser, any member or agent or contractor of the Purchaser's Group, any Asset Purchaser or any Securities Purchaser or after Closing by the relevant Sale Company or JV Company and in any case their agents or contractors and (ii) in the case of GM's responsibility by GM, or any member of the GM Group and in any case their agents or contractors. Each party will be responsible for any additional Adverse Consequences caused by its own post closing actions or omissions which contribute to or aggravate any Environmental Condition or Non-Compliance Matter for which the other Party is responsible under Sections 7.22.1 (GM's Defense and Indemnification Obligations - Non-US) or 7.22.2 (Purchaser's Defense and Indemnification Obligations - Non-US). Liability will be determined by

the Parties as soon as reasonably practicable based upon each Party's relative contribution to the Environmental Condition or Non-Compliance Matter.

8. CLOSING.

8.1. The Closing.

The closing (the "Closing") of the transactions contemplated hereby shall take place at the offices of GM, 3001 West Big Beaver Road, Suite 500, Troy, MI 48084 on August 31, 1998 effective as of the close of business on such date, or on such other date or at such other time as the Parties may agree. All transactions at the closing of this Agreement and transactions at the closings of the Transfer Agreements shall be deemed to have occurred simultaneously. Notwithstanding the foregoing or anything to the contrary in the Transfer Agreements, none of the closings contemplated under any of the Transfer Agreements shall occur unless and until closing of this Agreement shall occur.

8.2. Ancillary Agreements.

At the Closing, the Parties shall, and shall cause the members of the GM Group in the case of GM and the members of the Purchaser Group in the case of Purchaser to, execute and deliver each to the other the following agreements to which they are a party:

8.2.1 The Component Supply Agreement.

8.2.2. (a) Assignment of patents and patent applications in Schedules 9.8.5.A, 9.8.6.A and 9.8.6.B from GM to Purchaser.

(b) Assignment of patents and patent applications in Schedule 9.8.5.B from Delphi Automotive Systems Deutschland GmbH to Purchaser.

(c) Assignment of a partial interest in patents and patent applications in Schedule 9.8.8 from GM to Purchaser.

(d) Assignment of trademarks in Schedule 9.8.9 from GM to Purchaser.

(e) License from GM to Purchaser as provided in Sections 9.8.1 through 9.8.3(a) and 9.8.4.

(f) License from Purchaser to GM as provided in Sections 9.8.5 through 9.8.7 and 9.8.9 through 9.8.10.

(g) License from Adam Opel AG to Purchaser as provided in Section 9.8.3(b).

(h) Assignments of Technical Information from Delphi Automotive Systems Deutschland GmbH, Delphi Italia Automotive Systems, S.r.L., Delphi Automotive Systems Poland S.p. z.o.o., Delphi Componentes S.A., and Delphi Automotive Systems UK Limited to Purchaser; and licenses FROM those entities to Purchaser as provided in Section 9.8.2.

8.2.3. An assignment and assumption for the US Leased Real Property and any US Owned Real Property documentation as required by Article 6.

8.2.4. The Transfer Agreements and all other documents required pursuant thereto.

8.2.5. The Transition Services Agreement.

8.2.6. Letter Agreement.

8.2.7 Short Term Lease for Warren Engineering Building.

8.3. GM's Obligations.

At the Closing, GM shall, and shall cause the relevant members of the GM Group to, deliver to Purchaser the following, in proper form for recording where appropriate:

8.3.1 Executed assignments for the Permits and Contracts.

8.3.2 All appropriate Transfer Documents necessary to transfer to Purchaser or the relevant Asset Purchaser such title to the Acquired Assets as is warranted by GM herein or as required by the Transfer Agreements.

8.3.3 Appropriate certificate dated as of the Closing Date and signed by an authorized officer of GM which evidence the authorization of the execution, delivery and performance of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

8.3.4 Appropriate receipts.

8.3.5 An executed withholding certificate from GM, and any other applicable member of the GM Group, in a form acceptable to Purchaser, that the transactions contemplated by this Agreement are exempt from Taxes which may apply by reason of Section 897, Section 1445, Section 3406, or any other provision of the Code.

8.3.6 Certain Notes and Amendments thereto of the South African Business, endorsed in blank as provided in Section 9.13.

8.3.7 All other documents and papers reasonably requested by Purchaser to effect the transactions contemplated hereby and by the Transfer Agreements.

8.4. Purchaser's Obligations.

At the Closing, Purchaser shall, and shall cause the relevant members of the Purchaser Group to, deliver to GM, in proper form for recording where appropriate:

8.4.1 The Closing Payment as required by and in accordance with Section 2.1.3.

8.4.2 An appropriate assumption agreement or other document or documents pursuant to which Purchaser or the relevant Asset Purchaser assumes the Assumed Liabilities.

8.4.3 Appropriate certificate dated as of the Closing Date and signed by an authorized officer of Purchaser which evidence the authorization of the execution, delivery and performance of this Agreement and the Ancillary Agreements.

8.4.4 All other documents and papers reasonably requested by GM to effect the transactions contemplated hereby and by the Transfer Agreements.

9. CERTAIN ADDITIONAL COVENANTS.

9.1. Further Assurances.

If at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement or the Ancillary Agreements, each of the Parties will take or procure that their respective Affiliates take such further action (including the execution and delivery of such further instructions and documents) as any other Party may reasonably request.

9.2. Transition Services to Purchaser and the Purchaser Group and On-going Assistance.

9.2.1. GM and Purchaser, and their respective agents, shall, at their own expense, render assistance to each other in order to effect an orderly transfer of the Combined Business from GM and relevant members of the GM Group to Purchaser and the relevant members of the Purchaser Group. In addition, Lear will cause its employees who previously performed the same functions on behalf of the GM Group to provide GM with such documents and information as necessary, consistent with the past practice to complete the accounting books and records of each facility included in the Combined Business as of August 31, 1998. In addition, for a period not to exceed eighteen (18) months from the Closing Date, GM will provide, or cause the provision to the Combined Business of, certain ongoing human resources, banking, accounting, technical, and other administrative support services.

9.3. Books and Records and Litigation Assistance.

9.3.1 Purchaser shall and shall cause relevant members of the Purchaser Group to preserve and keep all books, records, computer files,

software programs and any data processing files delivered to Purchaser by GM or a member of the GM Group pursuant to the provisions of this Agreement for a period of not less than five (5) years from the Closing Date, or for any longer period as may be required by any government agency, ongoing litigation, law, regulation, audit or appeal of Taxes, or Tax examination at Purchaser's sole cost and expense. During such period, Purchaser shall make such books and records available to GM or a member of the GM Group as may be reasonably required by GM or a member of the GM Group in connection with any legal proceedings against or governmental investigations of GM or any other members of the GM Group or in connection with any Tax examination, audit or appeal of Taxes of GM or a member of the GM Group, the Combined Business or the Acquired Assets. GM or a member of the GM Group shall reimburse Purchaser for the reasonable out-of-pocket expenses incurred in connection with any request by GM to make available records pursuant to the foregoing sentence. In the event Purchaser wishes to destroy or dispose of such books and records after five (5) years from the Closing Date, it shall first give not less than ninety (90) days' prior written notice to GM, and GM shall have the right, at its option, upon prior written notice given to Purchaser within sixty (60) days of receipt of Purchaser's notice, to take possession of said records within ninety (90) days after the date of Purchaser's notice to GM hereunder.

9.3.2 Purchaser shall from time to time, at the reasonable request of GM, cooperate fully with GM in providing GM or other members of the GM Group (as appropriate), to the extent possible through employees of a relevant member of the Purchaser Group, being formerly employed by GM or other members of the GM Group, with technical assistance and information in respect to any claims brought against GM or other members of the GM Group involving the conduct of the Combined Business prior to Closing, including consultation and/or the appearance(s) of such persons on a reasonable basis as expert or fact witnesses in trials or administrative proceedings. GM shall reimburse Purchaser or the relevant member of the Purchaser Group for its direct out-of-pocket costs (travel, employee time (other than for clerical services), hotels, etc.) of providing such services. In particular, Purchaser for itself and on behalf of the relevant members of the Purchaser Group agrees to: (i) retain all documents required to be maintained by federal, state. national or local legislation or regulations and all documents that may be reasonably required to establish due care or to otherwise assist GM or a member of the GM Group in pursuing, contesting or defending such claims; (ii) make available its documents and records in connection with any pursuit, contest or defense including documents that may be considered to be "confidential" or subject to trade secret protection (except that (a) no

documents or records protected by the attorney client privilege in favor of Purchaser or any member of Purchaser Group must be made available if making these documents or records available would cause the loss of this privilege (in any case, however, Purchaser must notify GM of the existence of such privileged documents) and (b) GM or the relevant member of the GM Group will agree to keep confidential documents and records that are confidential or are subject to trade secret protection); (iii) at the request of GM or a member of the GM Group, appoint a mutually acceptable, knowledgeable, technical representative to assist GM or a member of the GM Group in connection with any of the matters referred to in Section 10.2.1 of this Agreement; (iv) promptly respond to discovery requests in connection with such claim, understanding and acknowledging that the requirements of discovery in connection with litigation require timely responses to interrogatories, requests to produce and depositions and also understanding and acknowledging that any delays in connection with responses to discovery may result in sanctions; (v) make available, as may be reasonably necessary and upon reasonable advance notice and for reasonable periods so as not to interfere materially with Purchaser's business, mutually acceptable engineers, technicians or other knowledgeable individuals to assist GM or a member of the GM Group in connection with such claim, including investigation into claims and occurrences described in this section and preparing for and giving factual and expert testimony at depositions, court proceedings, inquiries, hearings and trial; (vi) make available facilities and exemplar parts for the sole and limited use of assisting GM or a member of the GM Group in the contest or defense; and (vii) subject to the provisions of Section 10.4.2 herein, acknowledge that GM or a member of the GM Group is responsible for and will control, as between the Parties, the conduct of the pursuit, contest or defense.

9.4. Technical Information.

GM or another member of the GM Group has delivered, or will deliver on or before the Closing, to the relevant member of the Purchaser Group, a copy of all Technical Information included in the Acquired Assets. For a period of not less than ten (10) years commencing at the Closing Date, Purchaser shall and shall cause relevant members of the Purchaser Group to use all reasonable efforts consistent with the Purchaser's standard practices to maintain all Technical Information applicable to product design, test, release and validation it acquires from GM or any member of the GM Group in connection with the purchase of the Acquired Assets under Section 1.1 at a location at which they shall be reasonably accessible to GM or a member of the GM Group upon request.

9.5. Payment and Collections.

GM shall, and shall cause relevant members of the GM Group to, take such action as may be reasonably necessary to segregate payments made or collections received by GM or a relevant member of the GM Group on behalf of Purchaser or relevant members of the Purchaser Group after Closing, and Purchaser shall, and shall cause relevant members of the Purchaser Group to, take such action as may be reasonably necessary to segregate payments made or collections received by Purchaser or a relevant member of the Purchaser Group on behalf of GM or relevant members of the GM Group after Closing, in order to ensure that the cost of the related liability or the benefits of the related assets accrue to the appropriate Party in accordance with the terms of this Agreement or the Transfer Agreements. To the extent that any such collections are received after Closing in the form of checks or other negotiable instruments payable to the other Party, GM or Purchaser, as appropriate, shall promptly take all necessary action to endorse or cause to be endorsed such checks or instruments to permit the appropriate Party to collect the proceeds of such checks and instruments.

9.6. Non-Competition.

(i) GM and the members of the GM Group acknowledge that an important part of the benefits that Purchaser and the members of the Purchaser Group will receive in connection with the transactions contemplated by this Agreement and the Transfer Agreements is the ability to carry on the Combined Business free from competition by GM and its Affiliates. In order that Purchaser and the members of the Purchaser Group may enjoy such benefits, for a period of five (5) years after the Closing Date, GM will refrain, and will cause its Affiliates to refrain, from directly or indirectly engaging, alone or in association with any other Person, or own, share in the earnings of, or invest in the equity securities of (preferred stock that is nonvoting except under extraordinary circumstances will not be deemed equity securities), any Person engaged, in the design, engineering, testing, manufacture, assembly, processing, marketing, servicing, installation, sale and/or distribution of (i) fully assembled automotive seat systems; (ii) head restraints; (iii) trim covers; (iv) seat adjusters; and (v) other seating components, including frames ("Competitive Business" when referring to such activities generally, and "Competing Products" when referring to the foregoing products) in North America, the present member states of the European Union, Mexico, Poland, Turkey and the Republic of South Africa; provided, however, that the restrictions contained in this Section 9.6 will not prohibit in any way: (A) the acquisition of a controlling interest or merger with any Person, or a division or business unit thereof, which is not primarily engaged in a Competitive Business, acquired by or merged, directly or indirectly, into GM after the Closing Date; provided GM will take all reasonable steps to dispose, as quickly as practicable after such acquisition or merger, of any portion of the business of any such Person, division or business unit that constitutes a Competitive Business; (B) the acquisition by GM, directly or indirectly, of a non-controlling ownership interest in any Person, or a division or business unit thereof, or any other entity engaged in a Competitive Business, if the Competitive Business accounts for less than 15% of the operating revenues of such Person or $5,000,000 (U.S.) of operating revenue (whichever is the greater); (C) the acquisition by GM, directly or indirectly, of less than 5% of the publicly traded stock of any Person engaged in a Competitive Business; (D) GM or any GM Affiliate from providing consulting services to, licensing any technology GM or any GM Affiliate owns or has license to use to, or financing (on its own behalf or on behalf of any other Person), any Person for the purpose of designing

or manufacturing on behalf of GM or any member of the GM Group or selling to GM or any member of the GM Group components and parts for automotive applications in each case only to the extent set forth and permitted in Section 9.8; (E) GM or any GM Affiliate from directly or indirectly competing with Purchaser or any Purchasing Entities on total interior systems ("total interior systems" means doors, seats, floor system, roof system, and instrument panels integrated into a delivered unit), including the design, engineering, testing, assembly, processing, marketing, servicing, installation, sale and/or distribution (but not the manufacture) of Competing Products in connection with such total interior systems; (F) GM or any GM Affiliate from directly or indirectly competing with Purchaser or any Purchasing Entities on occupant safety systems, including the design, engineering, testing, assembly, processing, marketing, servicing, installation, sale and/or distribution (but not the manufacture) of Competing Products in connection with such occupant safety systems; (G) financing activities of General Motors Acceptance Corporation and its subsidiaries in its ordinary course of business; (H) consistent with the generally applicable GM troubled supplier practices, direct or indirect activities of GM or any member of the GM Group to advise, operate, manage or finance a troubled supplier of GM or its Affiliates; and (1) any business or activity conducted by any Affiliate, subsidiary, or division of GM (excluding the Combined Business) as of the Closing Date shall be deemed not to breach this Section 9.6.

(ii) If GM is required to dispose (a "Divestiture") of a business unit as part of an acquisition otherwise permitted by Section 9.6(i)(A), GM shall give Purchaser written notice ("Divestiture Notice") of the desired terms of such Divestiture. Purchaser shall keep the desired terms of the Divestiture confidential. Purchaser shall thereupon have sixty (60) days in which to elect whether or not to purchase the business unit that is subject to the Divestiture on the terms included in the Divestiture Notice. If Purchaser elects to purchase such business unit, it shall have one hundred twenty (120) days thereafter to complete the purchase. If Purchaser shall fail to give written notice within said sixty (60) day period of its intention to purchase or, if the offer is accepted, to complete the purchase within one hundred eighty (180) days after receipt of the Divestiture Notice from GM (provided such failure to complete the sale is not caused by any action of GM), GM shall thereafter be free to dispose of such business unit.

9.7. Change of Name of Sale Companies and JV Companies.

Purchaser shall cause the applicable Securities Purchaser to change the name of the relevant Sale Company or JV Company following Closing to a name not containing the word "Delphi", such change to take effect pursuant to the terms of the respective Transfer Agreement governing the sale of such Sale Company or JV Company.

9.8. Intellectual Property and Technical Information Rights and Licenses.

9.8.1. Purchaser will have the right (including the right to authorize relevant members of the Purchaser Group) to continue to sell or dispose of any existing inventories or service materials of the Combined Business bearing any trademark, service mark, trade name, or related corporate name of GM or relevant members of the GM Group for a period of up to six (6) months after the Closing Date in a manner consistent with

past practice of the Combined Business and the name and reputation associated therewith.

9.8.2. Purchaser will have a non-exclusive, irrevocable, fully-paid license (including the right to sublicense others) to use all technical information in any form owned or (subject to the terms of the Contracts listed on Schedule 1.1.1.B) acquired by a member of the GM Group and used or held for use both in the Combined Business and in one or more other businesses, and pertaining to the design, manufacture, use, marketing, sale, installation or service of the Products, together with all copyrights (including any registrations or applications therefore) in all materials containing such information, to manufacture, have manufactured, use, market, offer to sell, sell, import, install and service vehicle seating systems and components. Purchaser will protect documents and other materials containing such technical information against disclosure to others with the same care Purchaser protects its own documents and materials containing similar information.

9.8.3. (a) Purchaser will have a non-exclusive, irrevocable, fully-paid license (including the right to sublicense others) under (i) the patents listed on Schedule 9.8.3.A, (ii) any other patents owned by GM or any other member of the GM Group which cover the manufacture, use, offer to sell, sale or import of the Products, and (iii) any other patents owned by GM or any other member of the GM Group anywhere in the world corresponding to the patents mentioned in (i) or (ii) of this Section 9.8.3 (a), to manufacture, have manufactured, use, offer to sell, sell and import vehicle seating systems and components.

(b) Purchaser will have a non-exclusive, irrevocable, fully-paid license (including the right to sublicense others) under the non-US patents listed on Schedule 9.8.3.B to manufacture, have manufactured, use, offer to sell, sell and import vehicle seating systems and components.

9.8.4. (a) Purchaser will have a non-exclusive, irrevocable, fully-paid sublicense (including the right to sublicense its Affiliates) under the intellectual property assets (other than trademarks, service marks, trade dress and trade names, and registrations and applications therefore) GM transferred to ITT Automotive Electrical Systems, Inc. pursuant to an Assets Purchase Agreement dated March 31, 1994 - to manufacture, have manufactured, use and sell seat adjusters, provided that with respect to seat adjusters for recreational vehicles such sublicense shall not become effective until March 31, 1999.

(b) Purchaser will have a nonexclusive, irrevocable, fully paid sublicense under the patents licensed to GM in the 22 May 1998 settlement agreement between the Lemelson Medical, Education and Research Foundation, Limited Partnership et al and GM, only to the extent and level of the annual production of products manufactured in the fields licensed in that agreement by GM's Delphi seating business unit during the year prior to the date of this Agreement.

9.8.5. GM will retain a non-exclusive, irrevocable, fully-paid license (including the right to sublicense its Affiliates) under the patents and patent applications listed on Schedule 9.8.5.A and 9.8.5.B and Technical Information to manufacture, have manufactured, use, market, offer to sell, sell, import, install and service; (i) products other than vehicle seating systems and components; (ii) seating systems and components manufactured solely at the two GM Group vehicle plants located at Oklahoma City, Oklahoma, and Vauxhall, England, for vehicles assembled in such plants; (iii) vehicle seating systems and components for which the business has already been awarded to another supplier prior to the date of this Agreement; and (iv) vehicle seating systems and components for which Purchaser does not win the business, or for which Purchaser is awarded the business but is unable to deliver at world class levels of technology, quality, service and price; provided, that such license or sublicense may not be used under clause (iv) until Purchaser has received written notice of such condition and failed to correct such condition within a reasonable time. GM will protect documents and other materials containing such Technical Information against disclosure to others with the same care GM protects its own documents and materials containing similar information. However, this Section will not affect GM's or its Affiliates' obligations under the Component Supply Agreement or any other agreement between one or more members of the GM Group and one or more members of the Purchaser Group relating to supply of seating systems and components.

9.8.6. GM will retain a non-exclusive, irrevocable, fully-paid license (including the right to sublicense its Affiliates) under the patents and patent applications listed on Schedules 9.8.6.A and 9.8.6.B to manufacture, have manufactured, use, offer to sell, sell and import (i) products other than vehicle seating systems and components, and (ii) seating systems and components for vehicles sold by GM or its Affiliates. However, this Section will not affect GM's or its Affiliates' obligations under the Component Supply Agreement or any other agreement between one or more members of the GM Group and one or more members of the Purchaser Group relating to supply of seating systems and components.

9.8.7. GM will retain a non-exclusive, irrevocable, fully-paid license to sublicense others under the patents and patent applications listed on Schedules 9.8.5.A, 9.8.5.B, 9.8.6.A and 9.8.6.B and Technical Information to manufacture, use, market, offer to sell, sell, import, install and service seating systems and components as service parts for past model vehicles sold by GM or its Affiliates. GM will protect documents and other materials containing such Technical Information against disclosure to others with the same care GM protects its own documents and materials containing similar information. However, this Section will not affect GM's or its Affiliates' obligations under any other agreement between one or more members of the GM Group and one or more members of the Purchaser Group relating to supply of seating system and component service parts.

9.8.8. (a) GM will retain an undivided interest in the patents listed on Schedule 9.8.8. Each Party may exercise all incidents of ownership in such patents without consulting with or accounting to the other Party, provided, however, that for a period of five (5) years after the Closing Date, GM will not assign its interest in any such patent to a Competitive Business nor grant a license under any such patent to manufacture, use, offer to sell, sell or import seating systems or components for vehicles not sold by GM or its Affiliates, and Purchaser will not assign its interest in any such patent to a non-automotive seat manufacturer nor grant a license under any such patent to manufacture, use, offer to sell, sell or import non-automotive seating systems or components.

(b) Maintenance fees for the patents listed on Schedule 9.8.8 will be borne by the Parties equally. GM will pay maintenance fees as they become due for such patents, and Purchaser will reimburse GM for its share of such fees. Either Party may give notice to the other at any time that it elects to no longer pay any such fee; the Party giving such notice will thereby forfeit its ownership interest in such patent (and assign to the other Party any license agreements under that patent), but will retain a nonexclusive, irrevocable, fully-paid license under that patent.

(c) If either Party (the "Disposing Party") elects to dispose of its interest in a patent listed on Schedule 9.8.8 (other than by granting a license under the patent), it will give the other Party (the "Other Party") written notice (the "Disposition Notice") of the desired terms of such disposition. The Other Party will keep the desired terms of such disposition confidential. The Other Party will thereupon have sixty (60) days in which to elect whether or not to purchase such interest on the terms included in the Disposition Notice. If the Other

Party elects to purchase such interest, it will have one hundred twenty (120) days thereafter to complete the purchase. If the Other Party fails to give written notice within said sixty (60) day period of its intention to purchase or, if the offer is accepted, to complete the purchase within one hundred eighty (180) days after receipt of the Disposition Notice (provided such failure to complete the sale is not caused by any action of the Disposing Party), the Disposing Party will thereupon be free to dispose of such interest for a price and terms at least as favorable to the Disposing Party as those stated in the Disposition Notice.

9.8.9. GM will retain a non-exclusive, fully-paid license to use and to sublicense others to use the trademarks listed on Schedule 9.8.9 in connection with seating systems and components as service parts for past model vehicles sold by GM or its Affiliates. However, this Section will not affect GM's or its Affiliates' obligations under any other agreement between one or more members of the GM Group and one or more members of the Purchaser Group relating to supply of seating system and component service parts.

9.8.10. GM will retain a non-exclusive, irrevocable, fully-paid license (including the right to sublicense its Affiliates) under the patents and patent applications listed on Schedules 9.8.5.A, 9.8.5.B, 9.8.6.A and 9.8.6.B and Technical Information to manufacture, have manufactured, use, market, offer to sell, sell, import, install and service occupant safety and total interior systems and components associated with seating systems and components (but not the manufacture of vehicle seating systems or components except as otherwise provided in this Section 9.8). GM will protect documents and other materials containing such Technical Information against disclosure to others with the same care GM protects its own documents and materials containing similar information. GM may extend these licenses to the successors to its Delphi Automotive Systems occupant safety and total interior systems and components businesses.

9.8.11 In this Section 9.8, Affiliate means any business or other entity directly or indirectly controlling, controlled by or under common control with the specified entity, and control means ownership or actual control of at least twenty percent (20%) of the shares or other equity interest having power to elect directors or persons performing a similar function.

9.9. Government Grants.

9.9.1 GM agrees that if and to the extent that any of the grants paid by the Ministry of Economy and Finance in Spain or any other Spanish governmental or autonomous community authority to Delphi Asientos,

S.A. are, repayable to the Ministry of Economy and Finance in Spain or any other Spanish governmental or autonomous community authority, except to the extent repayment is a consequence of acts or omissions of Purchaser or a member of the Purchaser Group then upon Purchaser (or relevant member of the Purchaser Group) submitting evidence reasonably satisfactory to GM that such government grants have been repaid (in whole or in part), GM will promptly reimburse Purchaser (or as it may direct) such sum.

9.9.2 GM agrees that if and to the extent that any of the grants paid by the Board for Regional Industrial Development of the Department of Trade and Industry in the Republic of South Africa to Delphi Interior Systems South Africa (Pty) Limited are, repayable to the Board for Regional Industrial Development of the Department of Trade and Industry in the Republic of South Africa, except in the case where repayment is wholly as a consequence of acts or omissions of Purchaser or a member of the Purchaser Group, then upon Purchaser (or relevant member of the Purchaser Group) submitting evidence reasonably satisfactory to GM that such government grants have been repaid (in whole or in part), GM will promptly reimburse Purchaser (or as it may direct) such sum.

9.9.3 Following Closing, Purchaser and GM shall use their respective best efforts to procure that the final installment (being 300,000 pounds sterling) of the grant payable by the Department of Trade and Industry ("DTI") in the United Kingdom (the "Final Payment") shall be paid to Lear Corporation (UK) Limited ("Lear UK") as successor in title to the UK Business. Without prejudice to the generality of the foregoing, GM and Purchaser shall each procure that Delphi Automotive Systems UK Limited ("Delphi UK") and Lear UK (respectively) shall enter into the form of novation or transfer agreement ("Novation Documentation") required by the DTI and, in addition, Purchaser shall provide a guarantee acceptable to the DTI in support of the obligations and responsibilities of Lear UK pursuant to the terms of the Novation Documentation so as to facilitate payment of the Final Payment to Lear UK. Forthwith following receipt of the Final Payment, Purchaser shall procure that Lear UK shall pay GM (or as it may direct) such sum. If the DTI shall not have paid the Final Payment to Lear UK due to any failure of Lear UK or Purchaser to enter into the Novation Documentation, or to comply with their obligations under the Novation Documentation, or to comply with their obligations pursuant to this Section 9.9.3 on or prior to November 30, 1998, then Purchaser shall promptly reimburse GM (or as it may direct) the sum of 300,000 pounds sterling by way of a reduction of the Basic Price relating to the sale of the UK Business.

9.9.4 Purchaser agrees that if and to the extent that any of the grants paid by the DTI in the United Kingdom to Delphi UK are repayable to the DTI by any member of the GM Group, as a consequence of either the sale of the UK Business by Delphi UK to Lear UK or acts or omissions of Purchaser or a member of the Purchaser Group, then upon GM (or relevant GM Affiliate) submitting evidence reasonably satisfactory to Purchaser that such governmental grants have been repaid (in whole or in part), Purchaser will promptly reimburse GM (or as it may direct) such sum.

9.9.5 If GM (or as it may direct) shall have received the Final Payment as envisaged by Section 9.9.3, GM agrees that if and to the extent that any of the grants paid by the DTI in the United Kingdom to Delphi UK or Lear UK, respectively, are, subsequently repayable to the DTI by any member of the Purchaser Group, then upon the Purchaser (or relevant member of the Purchaser Group) submitting evidence reasonably satisfactory to GM that such governmental grants have been recalled (in whole or in part) because of some act or omission which the Purchaser Group could not have avoided with its reasonable best efforts, GM will promptly pay or reimburse the Purchaser (or as it may direct) such sum not exceeding 300,000 pounds sterling.

9.9.6 Purchaser agrees that if and to the extent that any of the grants paid by the Ministry of Economy and Finance in Spain or any other Spanish governmental or autonomous community authority to Delphi Componentes, S.A. are repayable to the Ministry of Economy and Finance in Spain or any other Spanish governmental or autonomous community authority, as a consequence of acts or omissions of Purchaser or a member of the Purchaser Group (including the failure of Purchaser or a member of the Purchaser Group to maintain in the Logrono (La Rioja) region a minimum of 288 employees until March 15, 1999), then upon GM (or relevant GM Affiliate) submitting evidence reasonably satisfactory to Purchaser that such governmental grants have been repaid (in whole or in part), Purchaser will promptly reimburse GM (or as it may direct) such sum.

9.10. Delphi Gliwice - Return of Shareholder Additional Payments.

On August 10, 1998, a meeting of the shareholders of Delphi Gliwice S.P.z.o.o. ("Delphi Gliwice") resolved to repay additional shareholder payments made by GM to Delphi Gliwice. On August 17, 1998, a notice was published in the Polish Court and Economic Journal publishing such resolution. The repayment of such additional shareholder payment may be made not earlier than November 17, 1998 by Delphi Gliwice to its then shareholder. Accordingly, on November 17, 1998 Purchaser shall pay to GM by wire transfer an amount

in US dollars in immediately available funds to the account of GM at Citibank, New York City an amount equal to the Repayment Amount (subject to the exchange rate as of the date of transfer less any transfer fees). For purposes hereof, "Repayment Amount" shall mean the aggregate of the sum of bank account balances as follows: (a) US$2,574,337.83, (b) PLN 207,470.60, and (c) the PLN amount standing to the credit of the petty cash bank account of Delphi Gliwice as of the close of business on August 28, 1998, together with interest on the amounts in (a), (b) and (c) from August 28, 1998 to the date of actual payment to GM calculated at the rate(s) applicable to the accounts in which such amounts were held on August 28, 1998 whether earned or not. GM represents and warrants that the amounts in (a) and (b) are the amounts standing to the credit of Delphi Gliwice as at the close of business on August 28, 1998.

9.11. Payments from Fiat Auto.

Purchaser acknowledges that the payments referred to in a letter dated July 23, 1998 from Fiat Auto are receivable by Delphi Automotive Systems Sri (the "Fiat Payments") but that such payments will initially be received by Lear Corporation Italia S.p.A. Purchaser shall cause Lear Corporation Italia S.p.A. (or any other recipient member of the Purchaser Group) to use diligent efforts to obtain recovery of the Fiat Payments and shall keep GM informed regarding the progress of such recovery. Forthwith following receipt of the Fiat Payments by Lear Corporation Italia S.p.A. (or any other recipient member of the Purchase Group) Purchaser shall pay, or cause to be paid, the Fiat Payments (subject to the exchange rate as of the date of transfer to Purchaser, less any transfer fees) to GM by wire transfer in US dollars immediately available funds to the account of GM at Citibank, New York City. Purchaser shall not agree to any variation in the amount of the Fiat Payments without the prior consent of GM.

9.12. Peregrine.

Purchaser agrees to purchase from Jay Alex & Associates ("Jay Alex")(successor to Peregrine U.S., Inc. ("Peregrine")) certain seat assemblies used by the Seating Business, in accordance with a certain Component Supply Agreement ("Peregrine Agreement") dated as of December 31, 1996 between GM, General Motors of Canada Limited and Peregrine. GM agrees that, if GM amends the price or payment terms of the Peregrine Agreement to make such terms more favorable to Jay Alex, then GM will allow such more favorable price or payment terms to be passed on to Purchaser under the Component Supply Agreement with respect to such seat assemblies.

9.13. South African Business Inter-Company Loan

At Closing, Purchaser agrees to purchase from GM, the following promissory notes ("Promissory Notes"):

(1) Promissory Note from South African Business to GM dated December 20, 1996, as amended prior to the date hereof, with a Principal Amount of South African Rand (ZAR) 15,435,006 and an accrued unpaid interest amount as of August 31, 1998 of ZAR 594,119; and

(2) Promissory Note from South African Business to GM dated March 5, 1998, as amended prior to the date hereof, with a Principal Amount of ZAR 4,148,361 and an accrued unpaid interest amount as of August 31, 1998 of ZAR 159,677.

At Closing, GM shall deliver to Purchaser the Promissory Notes, and amendments thereto, and Purchaser agrees to simultaneously pay GM consideration for the Promissory Notes in an amount equal to the U.S. Dollar (USD) $3,165,317, the equivalent of ZAR 20,337,163, calculated using an exchange rate of 6.425 ZAR per USD.

9.14. Certain Mexico Business Matters

Notwithstanding anything to the contrary in the Mexico Business Transfer Agreement: (i) at the Closing Purchaser will pay GM the entire Basic Price allocable to the Mexico Business, and GM will assume Purchaser's obligation under Section 1.2 of the Mexico Business Transfer Agreement, by paying on September 1, 1998 to Controladora General Motors, S.A. de C.V. ("Controladora") on behalf of Purchaser, the principal amount and all accrued interest of the promissory note (the "Mexico Note") issued by the Mexico Business to Controladora; (ii) Purchaser as of September 10, 1998 will cause the Mexico Business to credit GM, as payment in full for all Intra Company Payables, with amounts due and payable under the Mexico Note; and (iii)(a) if amounts owed under the Mexico note exceed the amount of the Intra Company Payables, Purchaser will pay or cause to be paid to GM as of September 10, 1998, the amount by which the Mexico Note exceeds the amount of the Intra Company Payables or (b) if amounts owed under the Intra Company Payables exceeds the amount of the Mexico Note, GM will pay or cause to be paid to Purchaser as of September 10, 1998, the amount by which the Intra Company Payables exceeds the amount of the Mexico Note. For purposes of this Section 9.14, "Intra Company Payables" refers to amounts owed under all outstanding invoices and open accounts issued by the Mexico Business in the ordinary course of business on or before the Closing Date to GM for services performed by the Mexico Business on or before the Closing Date.

9.15. ITT Component Supply Agreement

In accordance with a certain Component Supply Agreement, dated as of March 31, 1994 between ITT Automotive Electrical Systems, Inc. and GM, Purchaser agrees to purchase the Components described therein from the Seller described therein in accordance with the provisions of Article 2 of such agreement.

9.16. Post Closing Financial Schedule.

GM agrees to prepare and deliver, within 10 days of the Closing Date, a schedule of the operating results of the Combined Business for the year ended December 31, 1997 (the "Schedule"), to be adjusted for the items set forth below, and to cause Deloitte & Touche LLP to audit such Schedule, in order to express an opinion on the fairness of presentation of such Schedule, in conformity with the basis of calculation set forth in this section, in all material respects. The Schedule shall be prepared in accordance with GAAP, adjusted to exclude the effects of the following items for the year ended December 31, 1997: (a) the plant closing charge to close the Trenton facility, (b) separation and relocation costs incurred in the closure of the Trenton facility, (c) an asset impairment reserve attributable to the Business, (d) operating losses for the Trenton facility incurred during the year, (e) the portion of the post-retirement benefit cost attributable to interest on the obligation to retirees of the Business, (f) adjustments related to the LIFO inventory reserve, (g) the operating results, including the effect of any labor subsidies from NAO, related to the Brea plant location, and (h) corporate allocations for services provided by General Motors Central Office. It is agreed that the costs related to the requirements of this section will be borne by GM.

10. INDEMNIFICATION.

Notwithstanding anything to the contrary in this Article 10, this Article 10 does not apply to environmental claims, all of which will be handled in the manner set forth in Article 7.

10.1. Survival.

The representations and warranties contained in this Agreement and, to the extent applicable, the Transfer Agreements shall survive the Closing and continue in full force and effect for two (2) years after the Closing; provided, however, that the representations and warranties contained (i) in Section 4.1.16 will survive for the applicable statute of limitations plus a period of fifteen (15) days and (ii) in Sections 4.1.23(b), (c), (d) and (f), will survive without limitation. If, prior to the close of business on the date the survival period terminates, GM or Purchaser, as the case may be, has served written notice on the other of a claim for indemnity hereunder and such claim has not been finally resolved or disposed of at such date, then any representation or warranty that is the basis for such claim shall continue to survive as to that claim only and shall remain a basis for indemnity until such claim is finally resolved.

10.2. Indemnification.

10.2. 1. Indemnification Provisions for the Benefit of Purchaser.

(a) GM agrees to indemnify Purchaser, for itself and on behalf of the relevant members of the Purchaser Group and their officers, directors, employees, and agents (individually a "Purchaser Indemnitee" and collectively the "Purchaser Indemnitees") and to hold each Purchaser Indemnitee harmless from and against all damages, losses, and expenses (including reasonable expenses of

investigation and attorneys' fees) ("Losses") to the extent caused by or arising out of(i) any breach of any warranty or representation of GM or any Asset Seller or Securities Seller contained in this Agreement or in any Transfer Agreement; (ii) except for claims pursuant to the following clauses (iii), (iv), (v) and (vi), any breach of the covenants or responsibilities of GM or any Asset Seller or Securities Seller set forth in this Agreement or any Ancillary Agreement (other than the Component Supply Agreement); (iii) any failure of GM or any member of the GM Group to pay, perform or discharge any liabilities or obligations of GM or any member of the GM Group relating to the Seating Business (including any obligations with respect to the excluded liabilities set forth in Section 3.2) other than (a) the Assumed Liabilities and (b) the obligations of Purchaser under Article 5; (iv) directly or indirectly, the conduct of the Seating Business or the ownership of the Acquired Assets prior to the Closing, including wages and employee benefits, employee severance pay, employee separation costs, employee termination costs, employment discrimination claims, product liability claims, other litigation, license fees and utility charges other than (a) the Assumed Liabilities and (b) the obligations of Purchaser under Article 5; (v) any product liability claims to the extent arising out of product liability claims for Products manufactured by the Combined Business prior to the Closing Date or other product liability claims against the Purchaser or any member of the Purchaser Group to the extent such claims are based on design defects for Products made after the Closing Date but designed and validated prior to the Closing Date; and (vi) any breach of the obligations of GM or any member of the GM Group under Article 2 or Article 5, provided, however, that Purchaser makes a written claim for indemnification against GM setting forth in reasonable detail the specific facts and circumstances pertaining thereto as soon as practicable following the discovery of such claim (provided, however, that any failure to make such claim as soon as practicable will not waive any rights of a Purchaser Indemnitee except to the extent that the rights of the Indemnitor are prejudiced thereby) or, in respect of a Third Party Claim, in accordance with the procedures set forth in Section 10.4; and provided, further, that neither GM nor any Asset Seller or Securities Seller shall be liable for Losses pursuant to Section 10.2.1 (a)(i) (other than those arising out of or related to breach of the representations and warranties set forth in Sections 4.1.1, 4.1.2, 4.1.3 and 4.1.9) unless and until the amount of all such indemnifiable Losses in the aggregate exceeds a Two Hundred Thousand Dollars (US $200,000) deductible (the "Deductible Amount"), after which point GM will be obligated to indemnify Purchaser from and against such indemnifiable Losses in excess of the Deductible Amount until the amount of indemnifiable Losses pursuant to Section 10.2.1 (a)(i) or (ii) in the aggregate reaches a cap equal to the Basic Price (the "Cap Amount") after which point GM will have no further obligation with respect to Losses pursuant to Section 10.2.1 (a)(i) or (ii). With respect to any Losses of a JV Company (but not Losses of a Purchaser Indemnitee owning such JV Company). GM's liability shall be limited to that percentage of any such Losses that the ownership interest of the relevant

Securities Seller at Closing constituted as a percentage of the total issued share capital of such JV Company.

(b) GM agrees to indemnify any Purchaser Indemnitee from and against Losses any Purchaser Indemnitee may suffer to the extent caused by or arising out of any third-party claim in respect of any pre-Closing liabilities of the Seating Business other than Assumed Liabilities.

(c) Purchaser's rights under subsections (a) and (b) of this Section 10.2.1 shall be independent of each other; provided that, Purchaser may not recover more than once for a particular indemnifiable Loss.

(d) GM will defend any suit or other claim against a member of the Purchaser Group alleging infringement of any patent or other intellectual property right by Products sold to a member of the GM Group pursuant to the Component Supply Agreement. GM also will defend any suit or other claim against a member of the Purchaser Group by Treves, S.A. or Trety S.A. or a related party alleging that the Spanish Asset Business improperly employs any Treves/Trety product, process or equipment technology. In any such suit, GM will hold the members of the Purchaser Group harmless against any money damages or costs awarded in such suit including reasonable attorney's fees. GM will have full control of the defense of any such action, through counsel of its own selection, and may settle any such action at its own expense, provided that Purchaser shall be permitted to join in the defense and settlement of any such action and to employ counsel at its own expense, and provided further that any settlement which affects future operations of the Purchaser Group is first approved by Purchaser (which approval will not be withheld unreasonably).

10.2.2. Indemnification Provisions for the Benefit of GM.

Purchaser agrees to indemnify GM, for itself and on behalf of the relevant members of the GM Group and their officers, directors, employees, and agents (individually a "GM Indemnitee" and collectively the "GM Indemnitees") and to hold each GM Indemnitee harmless from and against all Losses to the extent caused by or arising out of: (i) any breach of warranty or representation of Purchaser or any Asset Purchaser or Securities Purchaser contained in this Agreement or in any Transfer Agreement; (ii) except for claims pursuant to the following clauses (iii), (iv) and (v), any breach of the covenants or responsibilities of Purchaser or any Asset Purchaser or Securities Purchaser set forth in this Agreement or any Ancillary Agreement (other than the Component Supply Agreement); (iii) any failure of Purchaser or any member of the Purchaser Group to pay, perform or discharge any of the Assumed Liabilities; (iv) except as otherwise provided in Sections 3.2, 10.2.1(a)(v) and 10.2.1(d) and Article 5, directly or indirectly, the conduct of the Seating Business or the ownership of the Acquired Assets after the Closing, including wages and employee benefits, employee severance pay, employee separation costs, employee termination costs, employment discrimination claims, product liability claims, other litigation (except as

provided in Section 10.2.1(d)), license fees, and utility charges; and (v) any breach of the obligations of Purchaser or any member of the Purchaser Group under Article 2 or Article 5; provided, however, that GM makes a written claim for indemnification against Purchaser setting forth in reasonable detail the specific facts and circumstances pertaining thereto as soon as practicable following the discovery of such claim (provided, however, that any failure to make such claim as soon as practicable will not waive any rights of a GM Indemnitee except to the extent that the rights of the Indemnitor are prejudiced thereby) or, in respect of a Third Party Claim, in accordance with the procedures set forth in Section 10.4 and provided, further, that neither Purchaser nor any Asset Purchaser or Securities Purchaser shall be liable for Losses pursuant to Section 10.2.2(i) unless and until the amount of all such indemnifiable Losses in the aggregate exceeds the Deductible Amount, after which point Purchaser will be obligated to indemnify GM from and against such indemnifiable Losses in excess of the Deductible Amount until the amount of indemnifiable Losses pursuant to section 10.2.2(i) or (ii) in the aggregate reaches the Cap Amount, after which point purchaser will have no further obligation with respect to Losses pursuant to Section 10.2.2(i) or (ii).

10.2.3. Mitigation

Notwithstanding anything to the contrary in this Article 10, no Party shall have an obligation to indemnify the other Party with respect to any Losses to the extent such Losses could have reasonably been mitigated by such other Party.

10.3. Claims related to Purchase Price Adjustments.

Notwithstanding anything else contained in this Agreement or any Transfer Agreement, neither Party shall be entitled to and shall procure that none of its Affiliates shall make any claim pursuant to the terms of this Agreement and/or any Transfer Agreement in respect of the same particular matter or circumstance more than once and, consistent therewith, any amount, particular matter or circumstance to the extent taken into account in determining the Closing Inventory Statement or Net Worth Statement shall not form the basis of any claim for breach of warranty or representation hereunder. Notwithstanding the foregoing, if the Party making a claim in respect of a particular matter or circumstance is not aware of Losses relating to such particular matter or circumstance when the claim is made, such Party shall be entitled to make a claim for such Losses after it becomes aware of such Losses even through the claim is in respect of the same particular matter or circumstance, but may not be compensated twice for the same Loss.

10.4. Indemnification Procedure as to Third-Partv Claims.

10.4.1. When a Party obtains knowledge of the commencement of any third party claim, action, suit, or proceeding or of the occurrence of any event or the existence of any state of facts which may become the basis of a third-party claim (any such claim, action, suit, or proceeding or event or state of facts being hereinafter referred to in this Section 10.4 as a "Third Party Claim"), in respect of which such Party (an

"Indemnitee") is entitled to indemnification under this Agreement (whether on its behalf or on behalf of any of its Affiliates), such Indemnitee shall promptly notify the indemnitor under this Agreement (the "Indemnitor") of such Third Party Claim in writing; provided, however, that any failure to give such notice will not waive any rights of the Indemnitee except to the extent that the rights of the Indemnitor are prejudiced thereby. With respect to any Third Party Claim as to which such notice is given by the Indemnitee to the Indemnitor, the Indemnitor may, subject to the provisions of Section 10.4.2 below, assume the defense and settlement of such Third Party Claim; provided, however, that (i) the Indemnitee shall cooperate with the Indemnitor in the defense and settlement of such Third Party Claim in any manner reasonably requested by the Indemnitor; the Indemnitee will not, and it will use all reasonable efforts to ensure that its employees will not, make an admission of liability in respect of any Third Party Claim and as soon as it becomes aware of a Third Party Claim it shall issue an instruction to relevant employees requiring them not to make any disclosure or statement to any third party in relation to any Third Party Claim or any product or service to which such Third Party Claim relates without the prior written consent of the Indemnitor (such consent not to be unreasonably withheld or delayed); (ii) the Indemnitee shall have the right to pay or settle such Third Party Claim at any time, in which event the Indemnitee shall be deemed to have waived any right to indemnification therefor by the Indemnitor if the Indemnitor has not consented to such payment or settlement (provided that such consent shall not be unreasonably withheld or delayed); and (iii) the Indemnitor shall not consent to the entry of any judgment or enter into any settlement with respect to such Third Party Claim without the written consent of the Indemnitee, which consent shall not be unreasonably withheld or delayed. With respect to any Third Party Claim assumed by the Indemnitor, the Indemnitee shall be permitted to join in the defense and settlement of such Third Party Claim and to employ counsel at its own expense.

10.4.2. If (i) the Indemnitor fails to assume the defense of such Third Party Claim or, having assumed the defense and settlement of such Third Party Claim, fails reasonably to contest such Third Party Claim in good faith, or (ii) the remedy sought by the claimant with respect to such Third Party Claim is not solely for money damages, the Indemnitee, without waiving its right to indemnification, may (but shall have no obligation to) assume the defense and settlement of such Third Party Claim (at the Indemnitor's expense in the case of clause (i)); provided, however, that (A) in the case of clause (ii) only, the Indemnitor shall be permitted to join in the defense and settlement of such Third Party Claim and to employ counsel at its own expense. (B) the Indemnitor shall cooperate with the Indemnitee in the defense

and settlement of such Third Party Claim in any reasonable manner requested by the Indemnitee, and (C) in the case of clause (ii) only, the Indemnitee shall not consent to the entry of any judgment or enter into any settlement with respect to such Third Party Claim without the written consent of the Indemnitor (which consent shall not be unreasonably withheld or delayed).

10.4.3. As used in this Section 10.4, the term Indemnitee shall be deemed to include the plural thereof where the rights or obligations of more than one Indemnitee may be involved.

10.5. Tax Indemnity.

(a) GM shall indemnify Purchaser, the JV Companies and the Sale Companies for all Taxes of the JV Companies or the Sale Companies to the extent that provision or reserve in respect of such Taxes was not (1) made in the Net Worth Statement or (2) otherwise taken into account in the preparation of the Net Worth Statement (as expressly accounted for in the work papers for the Net Worth Statement) (i) for taxable periods ending on or before the Closing Date and (ii) for any period not ending on or before the Closing Date, for the portion any Taxes attributable to the period ending on the Closing Date. For purposes of attributing Taxes to the portion of the period ending on the Closing Date pursuant to clause (ii) above, Taxes determined by reference to income, capital gains, gross income, gross receipts, sales, net profits, windfall profits or similar items shall be determined on a closing of the books method and all other Taxes shall be determined by the ratio of the number of days in the portion of the period ending on the Closing Date to the total number of days in the period. GM's indemnity for Taxes related to a JV Company shall be limited to the Relevant Percentage of the total issued share capital of the JV Company owned by GM. GM shall be entitled, as an offset to any required indemnification, to the benefit of any provision or reserve which exceeds the amount of Taxes ultimately paid. GM shall not be required to indemnify Purchaser for any Taxes if a recovery for such Taxes has been made under the warranties contained in this agreement.

(b) GM shall be liable and indemnify Purchaser for all (i) Taxes attributable to the ownership of the Acquired Assets or any operations of the Seating Business and (ii) for Taxes of any Asset Seller, in either case, for all taxable periods (or portions thereof) ending on or before the Closing Date and shall promptly reimburse Purchaser for any such Taxes that Purchaser and/or relevant Asset Purchaser pays or incurs. For the avoidance of doubt, GM shall not be liable for any Taxes in respect of the means adopted with the agreement of the Purchaser prior to, on or after completion to achieve the repayment or settlement of debts owed by Delphi Interior Systems South Africa (Pty) Limited to any member of the GM Group.

(c) Purchaser and/or relevant Asset Purchaser shall be liable and indemnify GM for all Taxes attributable to the ownership of the Acquired Assets or any operations of the Seating Business for all taxable periods (or portions thereof) after the Closing Date and shall promptly reimburse GM for any such Taxes that GM pays or incurs.

(d) For purposes of allocating Taxes under paragraphs (b), and (c) above, for any period that includes but does not end on the Closing Date, (i) GM shall be liable for any Taxes determined by reference to income, capital gains, gross income, gross receipts, sales, net profits, windfall profits or similar items accrued on or before the Closing Date; and (ii) liability for all other Taxes shall be allocated pro rata between Purchaser and GM based on the number of days in the taxable period, defined in accordance with local custom, for which each party is liable for Taxes hereunder.

(e) GM shall cause each JV Company and each Sale Company to prepare and file all tax returns and reports due on or prior to the Closing Date, which returns and reports shall be prepared and filed timely and on a basis consistent with existing procedures for preparing such returns and reports and in a manner consistent with prior practice with respect to the treatment of specific items on the returns or reports; provided, however, that if the treatment of an item on any such return or report has not been provided by prior practice, GM shall cause the JV Company or the Sale Company, as the case may be, to report such items in a manner that would result in the least amount of Tax liability to the Purchaser and the applicable JV Company or Sale Company for periods ending after the Closing Date. Purchaser shall cause each JV Company and Sale Company to prepare and file all tax returns and reports due after the Closing Date, which returns and reports, to the extent they relate to taxable periods beginning prior to, but including the Closing Date, and for the purpose of determining GM's liability for Taxes, shall be prepared and filed timely and on a basis consistent with existing procedures for preparing such returns and in a manner consistent with prior practice with respect to the treatment of specific items on the returns and reports, unless such treatment does not have sufficient legal support to avoid the imposition of penalties. GM will not be liable for any Taxes of any JV Company or Sale Company to the extent such Taxes resulted (i) from Purchaser's, JV Company's, or Sale Company's, as the case may be, voluntary filing of an amended tax return for any period ending on or prior to the Closing Date, (ii) from JV Company's or Sale Company's, as the case may be, deliberate omission after the Closing Date to make any claim, election or disclaimer or to give any notice or consent the making of which was assumed in computing any reserve for Taxes made in the Net Worth Statement and which was provided to Purchaser in writing on a timely basis, or (iii) from JV Company's or Sale Company's, as the case may be, voluntary making or giving any claim, election, disclaimer or notice after the Closing Date, provided than an exclusion in (i), (ii), or (iii) will not apply if the action (or failure to act) was (1) required, in the good faith judgment of

Purchaser, JV Company, or Sale Company, as the case may be, to avoid the possible imposition of penalties or (2) was required by, or otherwise necessitated by, a claim by any taxing authority with respect to any Taxes or tax return of the Purchaser, JV Company, or Sale Company or any affiliate of Purchaser, JV Company, or Sale Company. In the event GM is liable under Section 10.5(a) hereof for Taxes due in connection with any returns caused to be filed by Purchaser, GM shall pay the amount of such liability to the Purchaser within 14 days of the request.

(f) Purchaser, each JV Company, each Sale Company, and GM shall provide each other with such assistance as may reasonably be requested by the others in connection with the preparation of any return or report of Taxes, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liabilities for Taxes. Such assistance shall include making employees available on a mutually convenient basis to provide additional information or explanation of material provided hereunder and shall include providing copies of relevant tax returns and supporting material. The Party requesting assistance hereunder shall reimburse the assisting Party for reasonable out-of-pocket expenses incurred in providing assistance. Purchaser, each JV Company, each Sale Company, and each member of the GM Group shall retain for the full period of any statute of limitations and provide the others with any records or information which may be relevant to such preparation, audit, examination, proceeding or determination.

(g) If in connection with any examination, investigation, audit or other proceeding in respect of any tax return covering the operations of any JV Company or Sale Company on or before the Closing Date, any governmental body or authority issues to any JV Company or Sale Company a written notice of deficiency, a notice of reassessment, a proposed adjustment, an assertion of claim or demand concerning the taxable period covered by such return, such notice of deficiency, notice of reassessment, proposed adjustment, assertion of claim or demand shall be treated as a Third Party Claim and the provisions of section 10.4 of this Agreement shall apply.

(h) Subject to the prompt reimbursement requirements of Sections 10.5(b) and 10.5(c), no liability under Section 10.5 shall be payable until the occurrence of any action by any Tax authority that is final or, if not final, is acquiesced in by the indemnifying party during the course of any audit or any proceeding relating to Taxes. All payments required to be made by the indemnifying party pursuant to Section 10.5 shall be made within fourteen (14) Business Days of this occurrence of the event described in the immediately preceding sentence.

(i) The provisions of this Section 10.5 shall not be governed by the limitations contained in the other provisions of Section 10 and to the extent of any inconsistency between this Section 10.5 and the other provisions of Section

10, the provisions of this Section 10.5 shall control. Notwithstanding the preceding sentence, Section 10.7 shall apply to the provisions of this Section 10.5. The obligation to indemnify pursuant to this Section 10.5 shall survive for a period equal to the statute of limitations applicable to the Taxes to which the indemnification relates plus a period of fifteen (15) days.

(j) For purposes of this Section 10.5, (i) the term JV Companies and the term Sale Company shall include any subsidiary, any predecessor, or any Person or entity from which the JV Companies or the Sale Companies incurs a liability for Taxes as a result of transferee or joint and several liability.

(k) If, at GM's request and expense, the auditors of any JV Company or Sale Company determine that any liability for Taxes which has resulted in a payment having been made or becoming due from GM under this Section 10.5 has given or will give rise to a corresponding saving (the "Saving") for the Purchaser or any JV Company or Sale Company, the Purchaser will as soon as reasonably practicable thereafter repay to GM the Relevant Percentage of the lesser of: (i) the present value (using a discount rate of equal to the interest rate on a bond of equal maturity of the relevant government plus 1%) of the amount of the Saving (as determined by the auditors) less any costs incurred by the relevant JV Company or Sale Company or the Purchaser; and (ii) the amount paid by GM in respect to any liability for Taxes which gave rise to the Saving less any part of that amount previously repaid to GM under these provisions or otherwise. "Relevant Percentage" means the percentage of the total issued share capital owned by GM in the case of a JV Company and 100% in the case of a Sale Company.

(l) If the Purchaser, a JV Company, or a Sale Company is or becomes entitled to recover from a Person other than the Purchaser, a JV Company, a Sale Company or any entity within the same group of companies as the Purchaser, any JV Company, or any Sale Company any amount relating to a liability for Taxes which has resulted in a payment being made by GM under these provisions, the Purchaser shall, or shall cause the relevant JV Company or Sale Company to, notify GM of its entitlement and, if required by GM, take or cause the relevant JV Company or Sale Company to take all reasonable steps to enforce that recovery. GM shall indemnify the Purchaser, or relevant JV Company or Sale Company, against any reasonable costs and expenses incurred in enforcing the recovery. If the Purchaser or relevant JV Company or Sale Company recovers any amount, GM shall be entitled to, either through payment or offset, the Relevant Percentage of the lesser of: (i) the amount recovered or (ii) the amount previously paid by GM in respect of the liability for Taxes in question.

10.6. Exclusive Remedy.

Except in the case of fraud or willful misconduct, and subject to the following sentence, the Parties acknowledge that the indemnification provisions set forth in this Article 10 shall be their and their Affiliates' exclusive post-Closing remedy for any breach of warranty or misrepresentation, or breach of any covenant contained in this Agreement or any Transfer Agreement; and the Parties shall not be entitled to a rescission of this Agreement or any Transfer Agreement or to any further indemnification rights or claims of any nature whatsoever in respect thereof, all of which the Parties for themselves and on behalf of their respective Affiliates' expressly waive. Nothing contained herein, however, shall limit the rights of any Party to seek and obtain injunctive relief to specifically enforce the other Party's obligations hereunder. Notwithstanding anything to the contrary contained in this Agreement or in any Transfer Agreement, each of the Parties shall procure that none of their respective Affiliates shall claim any post-Closing remedy for any breach of warranty or misrepresentation, or breach of any covenant or other obligation contained in this Agreement or any Transfer Agreement except pursuant to and in accordance with the indemnification provisions of this Article 10. This Section 10.6 is subject to Section 7.13.2.

10.7. Dispute Resolution.

In the event of any dispute between the Parties relating to this Agreement, other than with respect to Third Party Claims (which shall be handled in the manner set forth in Section 10.4) and claims relating to the Closing Inventory Statement (which shall be handled in the manner set forth in Section 2.3) and claims relating to the Net Worth Statement (which shall be handled in the manner set forth in Section 2.4) the Parties shall use all reasonable efforts to resolve such dispute at an appropriate business level within their respective business organizations. In the event such efforts fail, such dispute shall be submitted to a dispute resolution panel. On a case-by-case basis, the panel shall consist of the Chief Financial Officer, or such individual's designee, of each Party, plus one person designated by them together. The panel may establish procedures for submission of the dispute, including that reasonable requests made by one Party to the other for information shall be honored in order that each of the Parties may be advised of relevant facts. A majority decision shall control and be binding unless the Parties agree in writing in advance of submittal that it shall not be binding. Each Party agrees that neither it nor any of its Affiliates will seek to enforce the indemnification provisions of this Article 10 as to such matter unless and until such efforts have been unsuccessful in resolving the dispute and at least 60 days have elapsed after a written claim for indemnification was made with respect to such matter.

11. MISCELLANEOUS.

11.1. Bulk Sales Laws.

The parties hereto acknowledge and agree that no filings with respect to any bulk sales or similar laws of any state or foreign jurisdiction have been made, nor are they intended to be made, nor are such filings a condition precedent to the Closing; and in consideration of such waiver by Purchaser, GM agrees to defend and indemnify Purchaser and members of the Purchaser Group against and hold Purchaser and members of the Purchaser Group harmless from any and all claims, demands, liabilities, and obligations arising out of the failure or

alleged failure of GM or any member of the GM Group to comply with any such law in respect of the sale of the Acquired Assets to Purchaser and the Asset Purchasers.

11.2. Notices.

Subject to Section 7.13.5, all notices, requests, consents, or other communications permitted or required under this Agreement shall be in writing and shall be deemed to have been given when personally delivered, or when sent if sent via facsimile (with receipt confirmed), or on the first Business Day after sent by reputable overnight carrier, or on the third Business Day after sent by registered or certified first class mail (with receipt confirmed), to the following:

If to GM: General Motors Corporation
767th Avenue
New York, New York 10153
Attn: Treasurer
Fax No: (212) 418-3630

If to Purchaser: Lear Corporation
21557 Telegraph Road
P.O. Box 5008
Southfield, MI 48086-5008
Attn: Vice President, Secretary and General Counsel
Fax No: (248) 746-1677

with copy to:

Winston & Strawn
35 West Wacker Drive
Chicago, IL 60601
Attn: John L. MacCarthy
Fax No: (312) 558-5700

provided, however, if either Party shall have designated a different addressee by notice, then to the last addressee so designated.

11.3. Assignment.

This Agreement shall be binding and inure to the benefit of the successors and assigns of each of the Parties, but no rights, obligations, duties, or liabilities of either Party may be assigned without the prior written consent of the other, which shall not be unreasonably withheld. Notwithstanding the foregoing, any Party may assign its rights and obligations (or any portion thereof) to an Affiliate of such Party, provided that no such assignment shall relieve the assigning Party of any of its obligations hereunder, but such Affiliate must assign back its rights and obligations if such Affiliate is no longer an Affiliate of such Party. In addition, GM may assign, without the prior written consent of Purchaser, this Agreement and

any or all of its rights, interests and obligations hereunder to a corporation or other business entity to which all or substantially all of the assets of its Delphi Automotive Systems business sector or any constituent part thereof is sold or otherwise transferred, provided that no such assignment shall relieve GM of any of its obligations hereunder.

11.4. Entire Agreement.

This Agreement, the Ancillary Agreements and the Exhibits and Schedules referenced and incorporated herein and therein represent the entire agreement and understanding between the Parties with respect to the transactions contemplated herein and therein. This Agreement and the Ancillary Agreements supersede all prior agreements, understandings, arrangements, covenants, representations, or warranties, written or oral, by any officer, employee, or representative of either Party dealing with the subject matter hereof and thereof. In the event of any inconsistency or discrepancy between the provisions of any Transfer Agreement and the provisions of the Master Agreement, the Master Agreement shall prevail. The Parties will cause the relevant member of the GM Group and the Purchaser Group, respectively, to implement all actions and, if necessary, amend such Transfer Agreement to conform to the Master Agreement and to cure any conflict or inconsistency between the provisions of such Transfer Agreement and the Master Agreement.

11.5. Waiver.

Any waiver by GM or Purchaser of any breach or of a failure to comply with any provision of this Agreement (i) shall be valid only if set forth in a written instrument signed by the Party to be bound, and (ii) shall not constitute, or be construed as, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any provision of this Agreement.

11.6. Severability.

Should any provision, or any portion thereof, of this Agreement for any reason be held invalid or unenforceable, such decision shall not affect the validity or enforceability of any of the other provisions, or portions thereof, of this Agreement, which other provisions, and portions, shall remain in full force and effect, and the application of such invalid or unenforceable provision, or portion thereof, to persons or circumstances other than those as to which it is held invalid or unenforceable shall be valid and be enforced to the fullest extent permitted by law.

11.7. Amendment.

This Agreement may only be amended only in writing by duly authorized representatives or officers of the Parties.

11.8. Fees and Expenses.

Except as otherwise expressly provided in this Agreement, each Party shall be responsible for its own costs and expenses incurred in connection with the preparation of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby, including, without limitation, the fees and expenses of any advisor, accountant, investment banker, attorney, broker, consultant or other representative retained by such Party, and including fees associated with its HSR filings in the United States and any competition filings made with regulatory authorities in any other country.

11.9. Third Parties.

Nothing contained in this Agreement is intended to or shall be construed to confer upon or give to any person, firm, corporation, association, labor union, or trust other than the Parties, their Affiliates and their respective permitted successors and assigns, any claims, rights, or remedies under or by reason of this Agreement. No member of Purchaser Group or GM Group, other than Purchaser and GM, may have any direct rights or obligations under this Agreement.

11.10. Headings.

The headings contained in this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof.

11.11. Counterparts.

More than one counterpart of this Agreement may be executed by the Parties, and each fully executed counterpart shall be deemed an original, but all of which, together shall constitute one and the same instrument.

11.12. Governing Law.

The validity, interpretation and effect of this Agreement shall be construed and enforced in accordance with the laws of the State of Michigan, without giving effect to rules governing the conflict of laws.

11.13. Sales or Transfer Taxes.

Notwithstanding any other provision of this Agreement, all sales taxes, documentary and stamp taxes or duties, registration taxes, transfer taxes, use taxes, gross receipts taxes, goods and services taxes, value added taxes ("VAT") and all charges for filing and recording documents in connection with the transfer of the Acquired Assets or the Sale Securities (including intellectual property filing and recording fees) as well as any permit, transfer, and filing fees required in order to obtain government approvals and consents relating to the transactions contemplated by this agreement and any Ancillary Agreements will be borne by GM and Purchaser equally. To the extent that any VAT can be recovered by Purchaser as a credit against Purchaser's output VAT or otherwise, such tax shall not be borne equally but

shall be paid solely by Purchaser and the provisions of the Transfer Agreements in respect of VAT shall apply more particularly.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers.

GENERAL MOTORS CORPORATION

By: Fred J. Bellar

Fred J. Bellar, III
Director, Venture Development

LEAR CORPORATION

By: Joseph F. McCarthy

Joseph F. McCarthy
Vice President, Secretary and General Counsel

LIST OF SCHEDULES AND EXHIBITS

SCHEDULE DESIGNATION	SCHEDULE DESCRIPTION
A	GM Knowledge
B	Transfer Agreements
C	Pension Schemes
1.1.1.A	Prepaid Expenses
1.1.1.B	Patent Joint Owners and Intellectual Property Contracts
1.1.1.C	Acquired US Assets
1.1.2	Asset Purchasers and Asset Sellers
1.2.1.A	GM Bailed Assets
1.2.1.B	PO Bailment Terms and Conditions
1.2.3	Third Party Assets
1.2.5	Excluded Financing Contracts
1.2.6	PEP Cars, Pooled Vehicles and Work Vehicles
1.4.1	Certain Contracts, Permits and Leases
1.5	Securities Purchasers and Securities Sellers
2.1.1	Allocation of Basic Price
4.1.4	Corporate Overhead Services
4.1.5.A	Permitted Liens
4.1.5.B	Machinery, Equipment, and Capitalized Tools
4.1.6.A	Litigation
4.1.6.B	Significant Labor Disputes
4.1.7.A	Intellectual Property Contracts
4.1.7.B	Intellectual Property Matters
4.1.8.A	Permit Exceptions/Non-Compliance
4.1.8.B	Permits
4.1.10	Consents
4.1.11.A	Unaudited Balance Sheet and Income Statement for each of the Sale Companies and JV Companies as of 12/31/97
4.1.11.B	Combined Business Pro Forma Statements as of 7/31/98
4.1.11.C	Unaudited Balance Sheet and Income Statement for Each of the Sale Companies and JV Companies as of 7/31/98
4.1.12	Events Subsequent to Latest Financial Statements
4.1.13.A	Contracts
4.1.13.B	Contracts - Exceptions
4.1.13.C	Collective Bargaining Agreements
4.1.14	Regulatory Matters
4.1.15.A	US Owned Real Property
4.1.15.B	US Leased Real Property
4.1.15.C	Exceptions to Contracts to Purchase or Sell US Real Property
4.1.15.D	Exceptions to Adequacy of Utilities
4.1.15.E	European Owned Real Property
4.1.15.F	European Leased Real Property

SCHEDULE DESIGNATION	SCHEDULE DESCRIPTION
4.1.15.G	Excluded European Real Property
4.1.16	Tax Matters Disclosure
4.1.17.B	Necessary Consents on Approvals - Seller
4.1.17.C	Potential Liens - Seller
4.1.19	Related Party Transactions
4.1.23.B	Authorized Capital and Par Value
4.1.23.C	Authorized Capital Exceptions
4.1.24	Additional Disclosure
4.2.6.B	Necessary Consents and Approvals - Buyer
4.2.6.C	Potential Liens - Buyer
5.1.A	Transferred Employees (US)
6.2	Unrecorded Agreements, Easements, Restrictions, and Other Encumbrances
7.1.9	Relevant US Plant Managers and Environmental Supervisors
7.1.16	United States Real Property
7.2.2.A	GM US Environmental Assessments Delivered to Purchaser
7.2.2.B	Purchaser US Environmental Assessments Delivered to GM
7.2.3.A	GM US Environmental Compliance Audit Reports Delivered to Purchaser
7.2.3.B	Purchaser US Environmental Compliance Audit Reports Delivered to GM
7.3.1	Environmental Conditions at United States Real Property
7.3.6	Non-Compliance Matters at United States Real Property
7.6.1	Environmental Permits at United States Real Property
7.6.1.A	Environmental Permits to be Transferred as a Matter of Law at United States Real Property
7.6.1.B	Environmental Permits That Cannot be Transferred as a Matter of Law or Which Cannot be Transferred before Closing at United States Real Property
7.6.1.C	Environmental Permits Not Being Transferred at United States Real Property
7.8.1	Pending Civil, Criminal and Administrative Actions at United States Real Property
7.8.2	Pending Governmental Requests for Information Regarding Releases at United States Real Property
7.8.3	United States Real Property Appearing on National Priorities List under CERCLA or State Site Lists of Environmental Contamination
7.8.4	Violations of Environmental Laws at United States Real Property
7.8.5	Hazardous Materials Use at United States Real Property
7.8.6	Hazardous Materials Disposal/Release at United States Real

SCHEDULE DESIGNATION	SCHEDULE DESCRIPTION
	Property
7.8.7	Environmental Permits Not in Effect or Non-compliant at United States Real Property
7.8.8	Liens Under Environmental Law Attached to Acquired Assets or Real Property
7.14.10	Relevant Plant Managers and Environmental Supervisors at Non-US Properties and Short Presence Properties
7.14.12	Non-US Properties
7.14.18	Short Presence Properties
7.15.2.A	GM Non-US Environmental Assessments Delivered to Purchaser
7.15.2.B	Purchaser Non-US Environmental Assessments Delivered to GM
7.15.3.A	GM Non-US Compliance Audit Reports Delivered to GM
7.15.3.B	Purchaser Non-US Compliance Audit Reports Delivered to GM
7.16.1	Environmental Conditions at Non-US Properties
7.16.4	Non-Compliance Matters at Non-US Properties and Short Presence Properties
7.19.1	Non-US Environmental Permits
7.19.2	Non-US Environmental Permits - Transfer
7.20.1	Non-US Pending Civil, Criminal and Administrative Actions
7.20.2	Non-US Pending Regulatory Requests for Information
7.20.3	Non-US Violations of Applicable Environmental Laws
7.20.4	Non-US Hazardous Materials Use
7.20.5	Non-US Hazardous Materials Disposal/Release
7.20.6	Liens Attached to Non-US Properties, Short Presence Properties or the Acquired International Assets under current Applicable Environmental Laws
7.20.7	Non-US Environmental Permits Not in Effect or Non-Compliant
9.8.3.A	Licensed Seating Patents
9.8.3.B	Seating Patents Licensed by Adam Opel AG
9.8.5.A	Delphi Seating Patents
9.8.5.B	Delphi Automotive Systems Deutschland GmbH Seating Patents
9.8.6.A	US Seating Patents Purchased by GM from Employees of Adam Opel AG In Germany
9.8.6.B	Additional Seating Patents
9.8.8	Joint Seating Patents
9.8.9	Trademarks

SCHEDULE DESIGNATION / EXHIBIT DESIGNATION	SCHEDULE DESCRIPTION / EXHIBIT DESCRIPTION
7.2.1	Environmental Confidentiality and Access Agreement

EXHIBIT 11.1

COMPUTATION OF NET INCOME PER SHARE
(In millions, except share information)

	For the Year Ended December 31, 1998		For the Year Ended December 31, 1997		For the Year Ended December 31, 1996	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Income before extraordinary items	$ 115.5	$ 115.5	$ 208.2	$ 208.2	$ 151.9	$ 151.9
Extraordinary items	-	-	(1.0)	(1.0)	-	-
Net income	$ 115.5	$ 115.5	$ 207.2	$ 207.2	$ 151.9	$ 151.9
Weighted Average Shares:						
Common shares outstanding	66,947,135	66,947,135	66,304,770	66,304,770	60,485,696	60,485,696
Exercise of stock options (1)	-	1,076,240	-	1,943,313	-	3,275,938
Exercise of warrants (2)	-	-	-	-	-	-
Common and equivalent shares outstanding	66,947,135	68,023,375	66,304,770	68,248,083	60,485,696	63,761,634
Per Common and Equivalent Share:						
Income before extraordinary items	$ 1.73	$ 1.70	$ 3.14	$ 3.05	$ 2.51	$ 2.38
Extraordinary items	-	-	(0.01)	(0.01)	-	-
Net income per share	$ 1.73	$ 1.70	$ 3.13	$ 3.04	$ 2.51	$ 2.38

	For the Year Ended December 31, 1995		For the Year Ended December 31, 1994	
	Basic	Diluted	Basic	Diluted
Income before extraordinary items	$ 94.2	$ 94.2	$ 59.8	$ 59.8
Extraordinary items	(2.6)	(2.6)	-	-
Net income	$ 91.6	$ 91.6	$ 59.8	$ 59.8
Weighted Average Shares:				
Common shares outstanding	48,944,181	48,944,181	42,602,167	42,602,167
Exercise of stock options (1)	-	3,544,757	-	3,321,954
Exercise of warrants (2)	-	-	-	1,514,356
Common and equivalent shares outstanding	48,944,181	52,488,938	42,602,167	47,438,477
Per Common and Equivalent Share:				
Income before extraordinary items	$ 1.92	$ 1.79	$ 1.40	$ 1.26
Extraordinary items	(0.05)	(0.05)	-	-
Net income per share	$ 1.87	$ 1.74	$ 1.40	$ 1.26

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(1) Amount represents the number of shares issued assuming exercise of stock options, reduced by the number of shares which could have been purchased with the proceeds from the exercise of such options.

(2) Amount represents the number of common shares issued assuming exercise of warrants outstanding.

EXHIBIT 21.1

LIST OF SUBSIDIARIES OF THE COMPANY

AB Extruding (Sweden)
AB Trelleborgplast (Sweden)
AII Automotive Industries Canada Inc. (Canada)
Alfombras San Luis S. A. (Argentina)
Amtex, Inc. (50%) (Pennsylvania)
Asia Pacific Components Co., Ltd. (Thailand) (98%)
Auto Interiors India Private Ltd. (25%)
Autoform Kunststoffteile GmbH (Germany)
Autotrim, S.A. de C.V. (40%) (Mexico)
AVB Anlagen und Vorrichtungsbau GmbH (55%) (Germany)
Aviken Plast AB (Sweden)
Chongqing Lear Chang'an Automotive Interior Trim Co., Ltd. (China) (35.75%)
Consorcio Industrial Mexicanos de Autopartes S.A. de C.V. (Mexico)
Corporate Eagle Two LLC (50%)
Davart Group Ltd. (UK)
Detroit Automotive Interiors L.L.C. (49%) (Michigan)
Donnelly Eurotrim Ltd. (Ireland) (50%)
El Trim (Pty.)Ltd. (51%)
Empetek autodily s.r.o. (Czech Republic) (50%)
Empresas Industriales Mexicanos de Autopartes, S.A. de C.V. (74.98%) (Mexico)
Favesa S.r.l. de C.V. (Mexico)
General Seating of America, Inc. (Delaware) (50%)
General Seating of Canada Ltd. (Canada) (50%)
General Seating of Thailand Corp. Ltd (50%)
Gruppo Pianfei S.r.L. (Italy)
Guildford Kast Plastifol Dynamics Ltd. (33.3%) (UK)
Hanil Lear Automotive Parts Private Ltd. (India) (50%)
Industrias Cousin Freres, S.L. (49.99%) (Spain)
Industrias Lear de Argentina, S.A. (Argentina)
Industrias Lear Trim S. de R.L. de C.V.
Industria Textil Dragui S.A. (Argentina)
Interco S.p.A.
Interiores Automotrices Summa S.A. de C.V. (40%) (Mexico)
Interiores Para Autos, S.A. de C. V. (40%) (Mexico)
Interni S.A. (Brazil) (25%)
Jiangxi Jiangling Lear Interior Systems Co. Ltd. (32%)(China)
John Cotton Plastics Ltd. (UK)
KRC Sewing Company (Pty) Ltd. (51%) (South Africa)
KRC Trim Products (Pty)Ltd. (51%) (South Africa)
LCT, Inc (Michigan)
L.S. Servicos Ltda. (Brazil)
Lear Automotive Corporation Singapore Pte. Ltd. (Singapore)
Lear Bahia Ltd. (Brazil)
Lear Car Seating do Brasil Ltda. (Brazil)
Lear Corporation Asientos, S.A. (Spain)
Lear Corporation Australia Pty. Ltd. (Australia)
Lear Corporation Austria GmbH (Austria)
Lear Corporation Austria GmbH & Co. KG (Austria)
Lear Corporation Automotive Components (Pty.) Ltd. (South Africa)
Lear Corporation Beteiligungs GmbH (Germany)
Lear Corporation Canada Ltd. (Canada)
Lear Corporation China Ltd. (65%) (Mauritius)
Lear Corporation do Brasil Ltda (Brazil)
Lear Corporation Drahtfedern GmbH (Germany)
Lear Corporation Mendon (Delaware)
Lear Corporation Mexico S. A. de C. V. (99.6%) (Mexico)
Lear Corporation Poland Gliwice S.p. z o.o.
Lear Corporation Poland S.p. z o.o. (Poland)
Lear Corporation Poland II S.p. z o.o. (Poland)
Lear Corporation Spain Holdings S.L.
Lear Corporation Spain S.L.
Lear Corporation Sweden AB (Sweden)
Lear Corporation Sweden Gnosjoplast AB (Sweden)
Lear Corporation UK Holdings Ltd. (UK)
Lear Corporation UK Interior Systems Ltd. (UK)
Lear Corporation Verwaltungs GmbH (Germany)
Lear de Venezuela, C.A. (Venezuela)
Lear do Brazil Ltda. (Brazil)
Lear Donnelly Overhead Systems, L.L.C. (50%)
Lear Donnelly Mexico, S. de R.L. de C.V. (50%)
Lear East, Inc.
Lear East L.P.
Lear Foreign Sales Corp. (US Virgin Islands)
Lear Holdings S.r.l. de C.V. (Mexico)
Lear Inespo Comercial Industrial Ltda. (50.01%) (Brazil)
Lear Investments Company, L.L.C. (Delaware)
Lear Mexican Holdings, L.L.C. (Delaware)
Lear Midwest, Inc.
Lear Midwest Automotive, Limited Partnership
Lear Operations Corporation (Delaware) (1)
Lear Seating Holdings Corp. # 50 (Delaware)
Lear Seating Holdings Corp. #100 (Delaware)
Lear Seating Private Limited (India)
Lear Seating (Thailand) Corp., Ltd. (98%) (Thailand)
Lear Technologies, L.L.C.
Lear Teknik Oto Yan Sanayi Limited Sirket (Turkey)(66.67%)
Lear Trim L.P. (Delaware)
Lear UK Acquisition Limited
Lear UK ISM Limited
Lear Vijayjyot Seating Private Limited (India)(50%)
LECA S.p. z o.o. (Poland)
Markol Otomotiv Yan Sanayi VE Ticaret A.S. (35%) (Turkey)
Masland Industries of Canada Limited (Canada)
Masland (UK) Limited (UK)
Masland Transportation, Inc. (Delaware)
NAB Corporation (Delaware) (2)
No-Sag Drahtfedern Spitzer & Co. KG (62.5%) (Austria)
OOO Lear (Russia)
Pianfei Engineering S.r.L. (Italy)
Pianfei Glass SA (Spain)(35%)
Pianfei Ipa S.p.A. (Italy)
Pianfei Melfi S.p.A. (Italy)
Pianfei Sicilia S.r.L. (Italy)
Pianfei Sud S.p.A. (Italy)
Precision Fabrics Group (29%) (North Carolina)
Protos S.r.L. (Italy)
PRPI S.p.A. (Italy)
P.T. Lear Corporation Indonesia (51%)
Rael Handels GmbH (Austria)
Ramco Investments Limited (Mauritius)

EXHIBIT 21.1

LIST OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Lear Corporation France S.A.R.L (France)
Lear Corporation (Germany) Ltd. (Delaware)
Lear Corporation GmbH & Co. KG (Germany)
Lear Corporation Global Development, Inc. (Delaware)
Lear Corporation Hungary KFT
Lear Corporation Italia Holding S.r.L. (Italy)
Lear Corporation Italia S.p.A. (Italy)
Lear Corporation Italia Specialty Car Group S.p.A.
Lear Corporation Italia Sud S.p.A. (Italy)
Lear Corporation (Nottingham) Limited (UK)
Lear Corporation (S.A.)(Pty.) Ltd. (South Africa)
Lear Corporation (SSD) Ltd. (UK)
Lear Corporation (UK) Ltd. (UK)
Lear Corporation (SSD) NV(Belgium)
Lear Corporation Portugal-Components Para Automoveis, Lda. (Portugal)
Rolloplast Formsprutning AB (Sweden)
S.A.L.B.I. AB (50%) (Sweden)
Shanghai Lear Automobile Interior Trim Co., Ltd (China)(35.75%)
Shanghai Songjiang Lear Automotive Carpet & Accoustics Co. Ltd (China) (35.75%)
Societe No Sag Francaise (56%) (France)
Sommer Masland (UK) Limited (50%) (UK)
Spitzer GmbH (62.5%) (Austria)
Stapur SA (Argentina)(5%)
Strapazzini Auto S.p.A.
Strapazzini Resine S.r.L. (Italy)
SWECA Sp. z o.o. (Poland)
UPM S.r.L. (Italy) (39%)

(1) Lear Operations Corporation also conducts business under the names Lear Corporation, Lear Corporation of Georgia, Lear Corporation of Kentucky, and Lear Corporation of Ohio.
(2) NAB Corporation also conduct business under the name Lear Corporation.
All Subsidiaries are wholly-owned unless otherwise indicated.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into Lear Corporation's previously filed Registration Statements on Form S-8 File Nos. 33-55783, 33-57237, 33-61739, 333-03383, 333-06209, 333-16413, 333-16415, 333-28419, 333-59467, 333-62647 and Form S-3 File Nos. 33-16341 and 333-43085

/s/ ARTHUR ANDERSEN LLP

Detroit, Michigan
March 26, 1999.

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YEAR	
	DEC-31-1998
	JAN-01-1998
	DEC-31-1998
	30
	0
	1,374
	16
	350
	2,198
	1,776
	594
	5,677
	2,498
	1,463
	0
	0
	1
	1,299
	5,677
	9,059
	9,059
	8,198
	8,198
	22
	0
	111
	210
	94
	116
	0
	0
	0
	116
	1.73
	1.70