

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

## FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JULY 1, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

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

COMMISSION FILE NUMBER: 1-11311

LEAR SEATING CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE 13-3386776  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

21557 TELEGRAPH ROAD, SOUTHFIELD, MI 48034  
(Address of principal executive offices) (zip code)

(810) 746-1500  
(Registrant's telephone number, including area code)

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 the filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Approximate number of shares of Common Stock, \$0.01 par value per share,  
outstanding at July 29, 1995: 46,171,522

LEAR SEATING CORPORATION  
FORM 10-Q  
FOR THE QUARTER ENDED JULY 1, 1995  
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## LEAR SEATING CORPORATION

## PART I - FINANCIAL INFORMATION

## ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

## INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of Lear Seating Corporation and subsidiaries ("the company") (Note 1) have been prepared by Lear Seating Corporation, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading when read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission for the period ended December 31, 1994.

The financial information presented reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results of operations and financial position for the interim periods presented. These results are not necessarily indicative of a full year's results of operations.

LEAR SEATING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(IN MILLIONS, EXCEPT SHARE DATA)

	July 1, 1995 ----- (Unaudited)	December 31, 1994 -----
ASSETS -----		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 53.0	\$ 32.0
Accounts receivable	700.2	579.8
Inventories	111.0	126.6
Unbilled customer tooling	54.3	53.5
Other	40.6	26.4
	-----	-----
	959.1	818.3
	-----	-----
PROPERTY, PLANT AND EQUIPMENT:		
Land	37.5	36.6
Buildings and improvements	154.5	141.1
Machinery and equipment	353.3	326.8
	-----	-----
	545.3	504.5
Less-Accumulated depreciation	(181.4)	(150.3)
	-----	-----
	363.9	354.2
	-----	-----
OTHER ASSETS:		
Goodwill, net	494.4	499.5
Deferred financing fees and other	37.7	43.1
	-----	-----
	532.1	542.6
	-----	-----
	\$ 1,855.1	\$ 1,715.1
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY -----		
CURRENT LIABILITIES:		
Short-term borrowings	\$ 19.2	\$ 84.1
Cash overdrafts	55.2	27.6
Accounts payable	766.0	656.7
Accrued liabilities	199.5	210.9
Current portion of long-term debt	1.7	1.9
	-----	-----
	1,041.6	981.2
	-----	-----
LONG-TERM LIABILITIES:		
Deferred national income taxes	24.3	25.3
Long-term debt	460.1	418.7
Other	82.6	76.3
	-----	-----
	567.0	520.3
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, \$.01 par value, 150,000,000 authorized at July 1, 1995 and December 31, 1994; 46,142,594 issued at July 1, 1995 and 46,088,278 issued at December 31, 1994	.5	.5
Additional paid-in capital	274.4	274.3
Notes receivable from sale of common stock	(1.0)	(1.0)
Less- Common stock held in treasury, 10,230 shares at July 1, 1995 and December 31, 1994, at cost	(.1)	(.1)
Retained deficit	(3.6)	(49.4)
Minimum pension liability adjustment	(5.8)	(5.8)
Cumulative translation adjustment	(17.9)	(4.9)
	-----	-----
	246.5	213.6
	-----	-----
	\$ 1,855.1	\$ 1,715.1
	=====	=====

The accompanying notes are an integral part of these balance sheets.

LEAR SEATING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(IN MILLIONS, EXCEPT PER SHARE DATA)

	Three Months Ended		Six Months Ended	
	July 1, 1995	July 2, 1994	July 1, 1995	July 2, 1994
	(Unaudited)		(Unaudited)	
Net sales	\$ 1,142.6	\$ 822.1	\$ 2,186.1	\$ 1,508.9
Cost of sales	1,047.8	743.5	2,014.7	1,380.3
Selling, general and administrative expenses	24.3	21.4	50.1	38.3
Amortization of goodwill	3.3	2.9	6.4	5.7
Operating income	67.2	54.3	114.9	84.6
Interest expense	14.3	11.0	28.5	25.0
Other expense, net	3.7	2.1	5.8	4.6
Income before provision for national income taxes	49.2	41.2	80.6	55.0
Provision for national income taxes	20.3	20.1	34.7	27.3
Net income	\$ 28.9	\$ 21.1	\$ 45.9	\$ 27.7
Net income per common share:				
Primary	\$ .58	\$ .43	\$ .93	\$ .61
Fully diluted	\$ .58	\$ .43	\$ .92	\$ .61

The accompanying notes are an integral part of these statements.

LEAR SEATING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN MILLIONS)

	Six Months Ended July 1, 1995	Six Months Ended July 2, 1994
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 45.9	\$ 27.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of goodwill	37.1	26.9
Amortization of deferred financing fees	1.2	1.2
Deferred national income taxes	(1.0)	(.8)
Other, net	9.3	5.7
Change in working capital items	(52.2)	(52.5)
	-----	-----
Net cash provided by operating activities	40.3	8.2
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment	(42.6)	(35.0)
Other, net	.9	4.5
	-----	-----
Net cash used by investing activities	(41.7)	(30.5)
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Change in long-term debt, net	41.3	(114.6)
Short-term borrowings, net	(61.6)	(3.2)
Increase (decrease) in cash overdrafts	26.9	27.9
Proceeds from sale of common stock, net	--	103.7
Other, net	.1	--
	-----	-----
Net cash provided by financing activities	6.7	13.8
	-----	-----
Effect of foreign currency translation	15.7	.6
	-----	-----
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>21.0</b>	<b>(7.9)</b>
	-----	-----
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>32.0</b>	<b>55.0</b>
	-----	-----
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 53.0</b>	<b>\$ 47.1</b>
	-----	-----
<b>CHANGES IN WORKING CAPITAL</b>		
Accounts receivable	\$ (149.9)	\$ (125.9)
Inventories	2.8	4.9
Accounts payable	124.5	56.4
Accrued liabilities and other	(29.6)	12.1
	-----	-----
	\$ (52.2)	\$ (52.5)
	-----	-----
<b>SUPPLEMENTARY DISCLOSURE:</b>		
Cash paid for interest	\$ 12.3	\$ 16.1
	-----	-----
Cash paid for income taxes	\$ 22.2	\$ 13.4
	-----	-----

The accompanying notes are an integral part of these statements.

LEAR SEATING CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

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

A 33-for-1 split of the Company's common stock was effective as of the Company's initial public offering in April, 1994. All references to the numbers of shares of common stock, stock options, warrants and income (loss) per share in the accompanying consolidated financial statements and notes thereto have been adjusted to give effect to the split.

(2) ACQUISITION OF AUTOMOTIVE INDUSTRIES

On July 16, 1995, the Company, AIHI Acquisition Corp., a wholly-owned subsidiary of the Company ("Acquisition Corp."), and Automotive Industries Holding, Inc. ("AIH") entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which Acquisition Corp. has made an offer to purchase all the issued and outstanding shares of common stock of AIH (including shares subject to options) for a purchase price of \$33.50 per share. The aggregate purchase price for the acquisition of AIH (the "AIH Acquisition") will be approximately \$926.4 million, including the assumption of \$282.3 million of AIH's existing indebtedness and \$18.4 million in fees and expenses. Funds for the purchase of AIH are expected to be provided by borrowings under the New Credit Agreement, as described in Note 3.

AIH is a leading designer and manufacturer of high quality interior trim systems and blow molded products principally for North American and European automobile and light truck manufacturers. AIH's interior trim products include complete door panel assemblies, seatbacks and inserts, armrests, consoles and headliners. Blow molded products include windshield wiper reservoirs, fuel tank shields and radiator coolant overflow reservoirs. In 1994, AIH had revenues of approximately \$512.8 million and operating income of \$63.9 million.

Consummation of the AIH Acquisition is subject to certain conditions, including the tender of the majority of Automotive Industries' outstanding shares, the expiration or termination of any applicable waiting periods under Federal Antitrust laws, the Company obtaining sufficient financing for the AIH acquisition under the New Credit Agreement as described in Note 3, and other customary conditions.

LEAR SEATING CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(3) NEW CREDIT AGREEMENT

In connection with the AIH Acquisition, the Company expects to enter into a \$1.5 billion secured revolving credit agreement to be established with Chemical Bank and a syndicate of financial institutions (the "New Credit Agreement"). Borrowings under the New Credit Agreement will be used to finance the purchase of AIH, refinance a portion of the existing indebtedness of AIH, refinance the Company's existing \$500 million credit facility (the "Prior Credit Facility"), and for general corporate purposes.

Borrowings under the New Credit Agreement will bear interest, at the election of the Company, at a floating rate equal to (i) the higher of Chemical Bank's prime rate and the federal funds rate plus .5% or (ii) the Eurodollar rate (as defined in the New Credit Agreement) plus a borrowing margin of .5% to 1.0%. The New Credit Agreement will be guaranteed by all of the Company's direct and indirect wholly-owned domestic subsidiaries. The applicable borrowing margin will be determined based on the satisfaction of specified ratios by the Company. Amounts available to be drawn under the New Credit Agreement will be reduced by an aggregate amount of \$650 million during the term of the New Credit Agreement, which would mature on September 30, 2001.

Definitive documentation of the New Credit Agreement will contain covenants similar to those contained in the Prior Credit Facility, as modified to reflect the acquisition of AIH. Such covenants include, among other things, the maintenance of certain financial ratios as well as restrictions on indebtedness, guarantees, acquisitions, capital expenditures, investments, dividends and other stock payments, asset sales and issuances of common stock. Under the New Credit Agreement, dividends are limited to \$2.5 million per quarter assuming no other events of default had occurred.

As the Company's obligations under the New Credit Agreement will bear interest at fluctuating rates, increases in interest rates on such obligations could adversely affect the Company's results of operations and financial condition. Under the proposed New Credit Agreement, the Company will be permitted to convert variable rate interest obligations up to an aggregate of \$500 million into fixed interest rate agreements.

(4) ACQUISITION OF FIAT SEAT BUSINESS

On December 15, 1994, the Company purchased from Gilardini S.p.A., an Italian Corporation, all of the outstanding common stock of Sepi S.p.A., an Italian Corporation, all of the outstanding common stock of Sepi Poland S.p. Z.o.o. and a 35% interest in a Turkish joint venture (collectively, the "Fiat Seat Business," or "FSB"). FSB is engaged in the design and



LEAR SEATING CORPORATION AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

manufacture of automotive seating, with its principal customers being Fiat S.p.A. and its affiliates ("Fiat"). In connection with this transaction, the Company and Fiat entered into a long-term supply agreement for certain products produced by FSB.

This acquisition was accounted for as a purchase, and accordingly, the operating results of the FSB have been included in the accompanying financial statements since the date of the acquisition. Because the Company consolidates the FSB on a one month lag, the results of operations for the quarter and year-to-date ended July 1, 1995 include only the results of operations of FSB from the acquisition date to the end of May 1995.

Assuming the acquisition had taken place as of the beginning of the quarter and year-to-date ending July 2, 1994, the consolidated pro forma results of operations of the Company for the first quarter and first half of 1994 would have been as follows, after giving effect to certain pro forma adjustments, (Unaudited: in millions, except per share data):

	Three Months Ended July 2, 1994 -----	Six Months Ended July 2, 1994 -----
Net sales	\$ 945.9	\$ 1,739.1
Net income	15.6	16.7
Net income per share	.32	.37

(5) INVENTORIES

Inventories are stated at the lower of cost or market. Cost is principally determined by 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):

	July 1, 1995 ----	December 31, 1994 ----
Raw materials	\$ 70.8	\$ 93.4
Work-in-process	13.5	13.9
Finished goods	26.7	19.3
	-----	-----
	\$ 111.0	\$ 126.6
	=====	=====

LEAR SEATING CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## (6) LONG-TERM DEBT

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

	July 1, 1995 ----	December 31, 1994 ----
Domestic revolving credit loan	\$ 160.0	\$ 121.9
German term loan	7.3	7.1
Industrial Revenue Bonds	19.0	19.0
Loans from Governmental Agencies	5.5	2.6
	-----	-----
	191.8	150.6
Less- Current portion	(1.7)	(1.9)
	-----	-----
	190.1	148.7
	-----	-----
Subordinated Debt:		
8 1/4% Subordinated Notes	145.0	145.0
11 1/4% Senior Subordinated Notes	125.0	125.0
	-----	-----
	270.0	270.0
	-----	-----
	\$ 460.1	\$ 418.7
	=====	=====

LEAR SEATING CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(7) POST-RETIREMENT BENEFITS FOR FOREIGN PLANS

On January 1, 1995, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Post-Retirement Benefits" for its foreign plans. The Company adopted this statement for its domestic plans in July, 1993. This standard requires that the expected cost of post-retirement benefits be charged to expense during the years in which the employees render service to the Company. The adoption of this statement for the Company's foreign plans did not have a material effect on the Company's financial position or results of operations.

(8) COMMON SHARES OUTSTANDING

The weighted average number of shares of common stock after giving effect to the split of the Company's common stock (Note 1) is as follows for the periods presented:

	Three Months Ended		Six Months Ended	
	July 1, 1995	July 2, 1994	July 1, 1995	July 2, 1994
Primary	49,537,489	49,058,681	49,536,813	45,479,223
Fully Diluted	49,635,199	49,070,015	49,634,592	45,589,431

ITEM 2 - MANagements' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE MONTHS ENDED JULY 1, 1995 VS. THREE MONTHS ENDED JULY 2, 1994.

Net sales of \$1,142.6 million in the second quarter of 1995 exceeded the second quarter of 1994 by \$320.5 million or 39.0%. Sales as compared to prior year benefited from the acquisition of the Fiat Seat Business in December 1994, new business in the United States and Europe and increased automotive production on carryover seat programs in North America and Europe.

Net sales in the United States of \$502.0 million increased in the quarter ended July 1, 1995 as compared to the second quarter of the prior year by \$2.5 million. Sales in the current quarter benefited from new Ford and General Motors passenger car and Ford truck programs as vehicle build schedules reflect a modest downturn on existing seat programs. Partially offsetting the overall increase in sales was the relocation of a passenger car program to Canada.

Net sales in Canada of \$230.7 million in the second quarter of 1995 surpassed the comparable period in the prior year by \$98.2 million or 74.1%. Sales in the quarter ended July 1, 1995 benefited from the attainment of targeted production levels for a General Motors replacement passenger car program, incremental volume on mature General Motors and Ford truck programs and the relocation of a Ford passenger car program.

Net sales in Europe of \$348.5 million in the current quarter exceeded the second quarter of the prior year by \$210.6 million or 152.7%. Sales in the second quarter of 1995 benefited from the contribution of \$133.6 million in sales from the FSB, new business in England, additional volume on existing programs in Sweden and Germany and favorable exchange rate fluctuations in Germany and Sweden.

Net sales in Mexico of \$61.4 million increased in the second quarter of 1995 as compared to the second quarter of 1994 by \$9.2 million or 17.6% largely as a result of new Ford and General Motors passenger car and Chrysler truck programs.

Gross profit (net sales less cost of sales) and gross margin (gross profit as a percentage of net sales) were \$94.8 million and 8.3% for the second quarter of 1995 as compared to \$78.6 million and 9.6% for the second quarter of previous year. Gross profit for the second quarter of 1995 benefited from the overall growth in domestic and foreign sales activity, including the production of certain new business programs in the United States and productivity improvement programs. Partially offsetting the increase in gross profit were engineering and pre-production expenses for the balance of new facilities in the United States and costs associated with new business opportunities in the Asian Pacific region.

Selling, general and administrative expenses as a percentage of net sales declined from 2.6% in the second quarter of 1994 to 2.1% in the current year quarter. Actual expenditures for the second quarter of 1995 increased in comparison to the prior year due to the acquisition of

FSB, engineering and support expenses associated with the expansion of business and expenses related to the pursuit of new business opportunities.

Operating income and operating margin were \$67.2 million and 5.9% for the quarter ended July 1, 1995 as compared to \$54.3 million and 6.6% a year earlier. The increase in operating income was primarily due to the benefits derived from increased market demand for new and ongoing seat programs in North America and Europe; partially offset by increased engineering and administrative support expenses, pre-production and facility costs for new seat programs to be introduced in the United States and Asian Pacific region within the next twelve months and operating losses associated with the integration of FSB into the Company's operations. Non-cash depreciation and amortization charges were \$18.7 million and \$13.8 million for the second quarter of 1995 and 1994, respectively.

During the three months ended July 1, 1995, interest expense increased by \$3.3 million over the prior year to \$14.3 million. The increase is due primarily to interest incurred on the additional debt used to finance the FSB acquisition as well as due to slightly higher rates in the current period under the Company's credit facility.

Other expenses for the quarter, which include state and local taxes, foreign exchange gains and losses, equity of non-consolidated affiliates and other non-operating expenses, increased \$1.6 million over the comparable period last year. This increase was due to foreign exchange losses incurred with respect to the Company's Canadian, Italian and German operations.

Net income for the second quarter of 1995 was \$28.9 million, or \$.58 per share on a fully diluted basis compared to \$21.1 million, or \$.43 per share in the prior year second quarter. The provision for income taxes was \$20.3 million, or an effective rate of 41.3%, for the current year quarter, versus \$20.1 million, or an effective rate of 48.8%, in the prior year second quarter. The decline in the effective tax rate from the prior year is primarily due to improvement in the Company's North American and Mexican operations in 1995 which are at lower effective tax rates. Per share earnings increased by 35% as compared to the prior year quarter, despite 500,000 more shares outstanding on a fully diluted basis.

SIX MONTHS ENDED JULY 1, 1995 vs. SIX MONTHS ENDED JULY 2, 1994.

Net sales increased by 44.9% to \$2,186.1 million in the first six months of 1995 as compared to \$1,508.9 million in the first six months of 1994. Sales for the six month period ended July 1, 1995 benefited from incremental volume on mature seating programs in North America and Europe, new business in the United States and Europe and the FSB Acquisition in December 1994. For the first six months of 1995, the FSB accounted for 9.9% of the Company's net sales.

Gross profit and gross margin were \$171.4 million and 7.8% for the six month period ended July 1, 1995 as compared to \$128.6 and 8.5% for the comparable period in the prior year. Gross profit in the first six months of 1995 surpassed prior year due to increased production volumes on passenger car and truck seat programs by domestic and foreign automotive manufacturers. The increase in gross profit was offset by new program start-up expenses in North America, low margins at the FSB, increased engineering costs and pre-production and facility expenses associated with new foreign ventures.

Selling, general and administrative expenses for the six months ended July 1, 1995 decreased as a percentage of net sales to 2.3% from 2.5% in the comparable period in the prior year. The increase in actual expenditures from \$38.3 million to \$50.1 million was largely the result of the acquisition of FSB, administration support expenses and design and development costs associated with the expansion of business and expenses related to new business opportunities.

Operating income and operating margin were \$114.9 million and 5.3% for the first six months of 1995 as compared to \$84.6 million and 5.6% for the first six months of 1994. The growth in operating income was primarily due to incremental volume on new and mature seat programs in the United States, Canada and Europe and improved performance in Mexico. Partially offsetting the increase in operating income were increased engineering and support expenses, costs associated with recently opened facilities in North America and losses related to the FSB's operations. Non-cash depreciation and amortization charges were \$37.1 million and \$26.9 million for the first half of the current and prior years, respectively.

During the six month period ended July 1, 1995, interest expense increased to \$28.5 million as compared to \$25.0 million a year earlier. The increase is primarily due to the additional debt incurred to finance the FSB acquisition in addition to slightly higher interest rates under the Prior Credit Facility.

Primarily as a result of foreign currency exchange fluctuations, other expense, including state and local taxes, foreign exchange, minority interests and equity in income of affiliates, increased in comparison to the prior period.

During the six months ended July 1, 1995, the provision for income taxes was \$34.7 million or 43.1% of pre-tax income as compared to \$27.3 million or 49.6% of pre-tax income in the six month period ended July 2, 1994. The decrease in rate compared to the previous period is due primarily to changes in operating performance and related income levels among the various tax jurisdictions.

## LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities increased to \$40.3 million during the six months ended July 1, 1995 compared to \$8.2 million during the comparable period in 1994, primarily due to higher earnings in 1995. Net income adjusted for non-cash depreciation and goodwill amortization was \$83.0 million for the six months ended July 1, 1995 as compared to \$54.6 million for the same period in 1994. Cash flow provided by earnings was partially offset by the net change in working capital.

The net change in working capital resulted in a net use of \$52.2 and \$52.5 million for the six months ended July 1, 1995 and July 2, 1994 respectively. This use of working capital was the result of the increase in accounts receivable (\$149.4 million in 1995 compared to \$125.9 million in 1994) caused by a 33% increase in net sales over the last six months of 1994 offset by the associated increase in accounts payable and cash overdrafts combined (\$151.4 million compared to \$84.3 million for the same period in 1994).

As of July 1, 1995, the Company had \$215.1 million outstanding under the Prior Credit Facility (\$55.1 million of which would have been outstanding under letters of credit), resulting in approximately \$284.9 million unused and available. As of July 1, 1995, the Company had net cash and cash equivalents of \$53.0 million. Of the \$160.0 million of borrowings actually outstanding (excluding letters of credit) under the Credit Agreement as of July 1, 1995, \$156.1 million related to the FSB Acquisition.

In addition to its debt service obligations, the Company requires liquidity for capital expenditures and working capital needs. In the six months ended July 1, 1995, the Company incurred \$42.6 million in capital expenditures, largely due to ramp up of a significant number of new programs scheduled for launch in the second half of 1995. The Company anticipates spending a total of \$135.0 million for capital expenditures for all of 1995.

The Company believes that cash flows from operations, together with amounts available under the New Credit Agreement will be sufficient to meet its debt service obligations, projected capital expenditures and working capital requirements.

## LEAR SEATING CORPORATION

## PART II - OTHER INFORMATION

## ITEM 4 - Submission of matters to a vote of Security Holders

(a) The Annual Meeting of Stockholders of Lear Seating Corporation was held on May 5, 1995. At the meeting, the following matters were submitted to a vote of the stockholders of Lear Seating Corporation.

- (1) The election of three directors to hold office until the 1998 Annual Meeting of Stockholders. The vote with respect to each nominee was as follows:

Nominee -----	For ---	Withheld -----
Kenneth L. Way	44,446,541	332,818
Larry W. McCurdy	43,718,537	1,060,822
Eliot M. Fried	44,448,197	331,162

- (2) The appointment of the firm of Arthur Andersen LLP as independent auditors of Lear Seating Corporation for the year ending December 31, 1995.

For ---	Against -----	Abstain -----
44,764,230	7,499	7,630

## ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

No exhibits or reports on Form 8-K were filed during the quarter ended July 1, 1995.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused the report to be signed on its behalf by the undersigned thereunto duly authorized.

LEAR SEATING CORPORATION

Dated: August 4, 1995

By: /s/ James H. Vandenberghe  
-----  
James H. Vandenberghe  
Executive Vice President  
Chief Financial Officer

LEAR SEATING CORPORATION  
FORM 10 -Q  
EXHIBIT INDEX  
FOR THE QUARTER ENDED JULY 1, 1995

EXHIBIT NUMBER -----	EXHIBIT -----
10.1	Amendment No. 1 dated as of June 30, 1995 to Second Amended and Restated Credit Agreement among Lear, Chemical Bank as administrative agent, and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc., and Lehman Commercial Paper, Inc., as managing agents, filed herewith.
10.2	Amendment to Stock Option Agreement dated as of March 2, 1995 between Lear and Kenneth L. Way, filed herewith.
10.3	Amendment to Stock Option Agreement dated as of March 2, 1995 between Lear and Robert E. Rossiter, filed herewith.
10.4	Amendment to Stock Option Agreement dated as of March 2, 1995 between Lear and James H. Vandenberghe, filed herewith.
10.5	Amendment to Stock Option Agreement dated as of March 2, 1995 between Lear and Randal T. Murphy, filed herewith.
10.6	Amendment to Stock Option Agreement dated as of March 2, 1995 between Lear and James A. Hollars, filed herewith.
27.	Financial Data Schedule for the Quarter Ended July 1, 1995, filed herewith.

## FIRST AMENDMENT

FIRST AMENDMENT, dated as of June 16, 1995 (this "Amendment"), to the Second Amended and Restated Credit Agreement, dated as of November 29, 1994 (as amended, supplemented or otherwise modified, the "Credit Agreement"), among Lear Seating Corporation, a Delaware corporation (the "Borrower"), the several financial institutions parties thereto (the "Banks"), Chemical Bank, as administrative agent for the Banks (in such capacity, the "Agent"), and Bankers Trust Company, The Bank of Nova Scotia, Citicorp USA, Inc. and Lehman Commercial Paper Inc., as Managing Agents.

## W I T N E S S E T H :

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

WHEREAS, the Borrower has requested, and upon this Amendment becoming effective, the Banks have agreed, that certain provisions of the Credit Agreement be amended in the manner 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 8.8 of the Credit Agreement is hereby amended by deleting the amount "100,000,000" in the table contained therein and adding in lieu thereof the amount "120,000,000".

(b) Subsection 8.9 of the Credit Agreement is hereby amended by (i) deleting the last proviso contained in paragraph (d) thereof in its entirety and adding in lieu thereof the following new proviso:

"provided, still further, that notwithstanding any provision in this paragraph (d) to the contrary, the Borrower and its Subsidiaries shall not be obligated to pledge any shares of capital stock of any Foreign Subsidiary organized under the laws of Australia, Indonesia, South Africa, Argentina, Brazil or Thailand;";

(ii) deleting the word "and" contained in paragraph (n) thereof; (iii) deleting the period contained in paragraph (o) thereof and adding in lieu thereof the word "; and"; and (iv) adding the following new paragraph (p):

"(p) other loans, advances or other investments up to an aggregate amount not to exceed \$5,000,000."

3. Consent. The Banks hereby consent to the combination of Lear Seating GmbH, Lear Seating GmbH & Co. Kg. and NS Drahtfedern GmbH.

4. Conditions to Effectiveness. This Amendment shall become effective on the date (the "Amendment Effective Date") on which the Borrower, the Agent and the Required Banks shall have executed and delivered to the Agent this Amendment and the parties to the Subsidiary Guarantee shall have executed the Acknowledgment and Consent in the form annexed hereto.

5. Representations and Warranties. The representations and warranties made by the Borrower 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 Borrower agrees to pay or reimburse the 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 Agent.

7. No Other Amendments; Confirmation. Except as expressly amended, modified and supplemented hereby, the provisions of the Credit Agreement and the Notes 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 Borrower and the Agent. This Amendment may be delivered by facsimile transmission of the relevant signature pages hereof.

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 SEATING CORPORATION

By: /s/ Donald J. Stebbins

-----  
Title:

CHEMICAL BANK, as Agent and as a Bank

By: -----

Title:

BANKERS TRUST COMPANY, as a Managing Agent and as a Bank

By: -----

Title:

THE BANK OF NOVA SCOTIA, as a Managing Agent and as a Bank

By: -----

Title:

CITICORP USA, INC., as a  
Managing Agent and as a Bank

By: \_\_\_\_\_  
Title:

LEHMAN COMMERCIAL PAPER INC., as  
a Managing Agent and as a Bank

By: \_\_\_\_\_  
Title:

THE FIRST NATIONAL BANK OF  
BOSTON

By: \_\_\_\_\_  
Title:

THE BANK OF NEW YORK

By: \_\_\_\_\_  
Title:

THE MITSUBISHI TRUST &  
BANKING CORPORATION

By: \_\_\_\_\_  
Title:

THE NIPPON CREDIT BANK, LTD.

By: \_\_\_\_\_  
Title:

SHAWMUT BANK CONNECTICUT, N.A.

By: \_\_\_\_\_  
Title:

ABN AMRO BANK N.V.

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

CIBC INC.

By: \_\_\_\_\_  
Title:

COMERICA BANK

By: \_\_\_\_\_  
Title:

CAISSE NATIONALE DE CREDIT  
AGRICOLE

By: \_\_\_\_\_  
Title:

CREDIT LYONNAIS CHICAGO BRANCH

By: \_\_\_\_\_  
Title:

CREDIT LYONNAIS CAYMAN  
ISLAND BRANCH

By: \_\_\_\_\_  
Title:

THE FUJI BANK, LIMITED

By: \_\_\_\_\_  
Title:

NATIONAL BANK OF CANADA

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

NBD BANK, N.A.

By: \_\_\_\_\_  
Title:

BANQUE PARIBAS

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

SOCIETE GENERALE

By: \_\_\_\_\_  
Title:

CREDITANSTALT-BANKVEREIN

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:



GIRO CREDIT BANK AG DER  
SPARKASSEN, GRAND CAYMAN ISLAND  
BRANCH

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

BANK ONE, MILWAUKEE, NA

By: \_\_\_\_\_  
Title:

THE INDUSTRIAL BANK OF JAPAN, LTD.

By: \_\_\_\_\_  
Title:

THE YASUDA TRUST AND BANKING  
COMPANY, LIMITED

By: \_\_\_\_\_  
Title:

DRESDNER BANK AG, CHICAGO AND GRAND  
CAYMAN BRANCHES

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

ISTITUTO BANCARIO SAN PAOLO DI  
TORINO S.p.A.

By: \_\_\_\_\_  
Title:

ACKNOWLEDGEMENT AND CONSENT

Each of the undersigned corporations as guarantors under the Second Amended and Restated Subsidiary and Affiliate Guarantee, dated as of November 29, 1994, made by the undersigned corporations in favor of the Agent hereby (a) consents to the transactions contemplated by this Amendment and (b) acknowledges and agrees that the guarantees contained in such Amended and Restated Subsidiary and Affiliate Guarantee (and all collateral security therefor) are, and shall remain, in full force and effect after giving effect to this Amendment and all prior modifications to the Credit Agreement.

LS ACQUISITION CORP. NO. 14

By: \_\_\_\_\_  
Title:

LEAR SEATING HOLDINGS CORP.  
NO. 50

By: \_\_\_\_\_  
Title:

PROGRESS PATTERN CORP.

By: \_\_\_\_\_  
Title:

LEAR PLASTICS CORP.

By: \_\_\_\_\_  
Title:

LS ACQUISITION COPORATION  
NO. 24

By: \_\_\_\_\_  
Title:

FAIR HAVEN INDUSTRIES, INC.

By: \_\_\_\_\_

Title:

## AMENDMENT TO STOCK OPTION AGREEMENT

AMENDMENT TO STOCK OPTION AGREEMENT, dated as of March 2, 1995 (this "Amendment"), between Lear Seating Corporation, a Delaware corporation (the "Company"), and the party whose name appears on the signature page hereof, an employee of the Company (the "Employee").

WHEREAS, the Company and the Employee are parties to that certain Stock Option Agreement dated as of September 29, 1988 (the "Stock Option Agreement"), pursuant to which the Employee was granted options ("Options") to purchase 165,000 shares of Common Stock, \$.01 par value per share, of the Company;

WHEREAS, the Company and the Employee desire to amend the Stock Option Agreement on the terms and subject to the conditions set forth herein.

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

SECTION 1. Amendment to Section 9. Section 9 of the Stock Option Agreement shall be amended to add the following sentence to the end thereof:

"Notwithstanding the foregoing, the Employee may grant to the Company a security interest in the Option or in any portion thereof to secure the Employee's obligations under that certain Amended and Restated Secured Promissory Note dated March 2, 1995 (the "Amended and Restated Note")."

SECTION 2. Performance by the Company of the Employee's Rights. The Option Agreement is amended to add a new Section 16 thereto, to read as follows:

"16. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuation of an event of default under the Amended and Restated Note, the Company may, to the extent expressly authorized under the Amended and Restated Note, exercise all rights of the Employee with respect to the Option or any portion thereof, including the right to exercise the Option in accordance with the terms of this Agreement. In such event, the Company shall be subject to the same limitations and restrictions as apply to the Employee hereunder."

SECTION 3. Effectiveness; Miscellaneous. (a) This Amendment shall become effective as of the date first set forth above.

(b) This Amendment constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(c) Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

(d) Each reference to a party hereto shall be deemed to include its successors and assigns, all of whom shall be bound by this Amendment and to whose benefit the provisions of this Amendment shall inure.

(e) This Amendment may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one instrument.

(f) Except as specifically amended or modified hereby, the Option Agreement shall continue in full force and effect in accordance with the provisions thereof. As used therein, the terms "Agreement", "herein", "hereunder", "hereinafter", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be signed individually or by its duly authorized officer, as the case may be, as of the day and year first above written.

LEAR SEATING CORPORATION

By: /s/ Joseph F. McCarthy  
-----  
Name: Joseph F. McCarthy  
Title: Vice President,  
Secretary and  
General Counsel

/s/ Kenneth L. Way  
-----  
Kenneth L. Way

## AMENDMENT TO STOCK OPTION AGREEMENT

AMENDMENT TO STOCK OPTION AGREEMENT, dated as of March 2, 1995 (this "Amendment"), between Lear Seating Corporation, a Delaware corporation (the "Company"), and the party whose name appears on the signature page hereof, an employee of the Company (the "Employee").

WHEREAS, the Company and the Employee are parties to that certain Stock Option Agreement dated as of September 29, 1988 (the "Stock Option Agreement"), pursuant to which the Employee was granted options ("Options") to purchase 99,000 shares of Common Stock, \$.01 par value per share, of the Company;

WHEREAS, the Company and the Employee desire to amend the Stock Option Agreement on the terms and subject to the conditions set forth herein.

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

SECTION 1. Amendment to Section 9. Section 9 of the Stock Option Agreement shall be amended to add the following sentence to the end thereof:

"Notwithstanding the foregoing, the Employee may grant to the Company a security interest in the Option or in any portion thereof to secure the Employee's obligations under that certain Amended and Restated Secured Promissory Note dated March 2, 1995 (the "Amended and Restated Note")."

SECTION 2. Performance by the Company of the Employee's Rights. The Option Agreement is amended to add a new Section 16 thereto, to read as follows:

"16. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuation of an event of default under the Amended and Restated Note, the Company may, to the extent expressly authorized under the Amended and Restated Note, exercise all rights of the Employee with respect to the Option or any portion thereof, including the right to exercise the Option in accordance with the

terms of this Agreement. In such event, the Company shall be subject to the same limitations and restrictions as apply to the Employee hereunder."

SECTION 3. Effectiveness; Miscellaneous. (a) This Amendment shall become effective as of the date first set forth above.

(b) This Amendment constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(c) Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

(d) Each reference to a party hereto shall be deemed to include its successors and assigns, all of whom shall be bound by this Amendment and to whose benefit the provisions of this Amendment shall inure.

(e) This Amendment may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one instrument.

(f) Except as specifically amended or modified hereby, the Option Agreement shall continue in full force and effect in accordance with the provisions thereof. As used therein, the terms "Agreement", "herein", "hereunder", "hereinafter", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be signed individually or by its duly authorized officer, as the case may be, as of the day and year first above written.

LEAR SEATING CORPORATION

By: /s/ Joseph F. McCarthy  
-----

Name: Joseph F. McCarthy  
Title: Vice President, Secretary and  
General Counsel

/s/ Robert E. Rossiter  
-----  
Robert E. Rossiter

## AMENDMENT TO STOCK OPTION AGREEMENT

AMENDMENT TO STOCK OPTION AGREEMENT, dated as of March 2, 1995 (this "Amendment"), between Lear Seating Corporation, a Delaware corporation (the "Company"), and the party whose name appears on the signature page hereof, an employee of the Company (the "Employee").

WHEREAS, the Company and the Employee are parties to that certain Stock Option Agreement dated as of September 29, 1988 (the "Stock Option Agreement"), pursuant to which the Employee was granted options ("Options") to purchase 62,700 shares of Common Stock, \$.01 par value per share, of the Company;

WHEREAS, the Company and the Employee desire to amend the Stock Option Agreement on the terms and subject to the conditions set forth herein.

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

SECTION 1. Amendment to Section 9. Section 9 of the Stock Option Agreement shall be amended to add the following sentence to the end thereof:

"Notwithstanding the foregoing, the Employee may grant to the Company a security interest in the Option or in any portion thereof to secure the Employee's obligations under that certain Amended and Restated Secured Promissory Note dated March 2, 1995 (the "Amended and Restated Note")."

SECTION 2. Performance by the Company of the Employee's Rights. The Option Agreement is amended to add a new Section 16 thereto, to read as follows:

"16. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuation of an event of default under the Amended and Restated Note, the Company may, to the extent expressly authorized under the Amended and Restated Note, exercise all rights of the Employee with respect to the Option or any portion thereof, including the right to exercise the Option in accordance with the



terms of this Agreement. In such event, the Company shall be subject to the same limitations and restrictions as apply to the Employee hereunder."

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(b) This Amendment constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(c) Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

(d) Each reference to a party hereto shall be deemed to include its successors and assigns, all of whom shall be bound by this Amendment and to whose benefit the provisions of this Amendment shall inure.

(e) This Amendment may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one instrument.

(f) Except as specifically amended or modified hereby, the Option Agreement shall continue in full force and effect in accordance with the provisions thereof. As used therein, the terms "Agreement", "herein", "hereunder", "hereinafter", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be signed individually or by its duly authorized officer, as the case may be, as of the day and year first above written.

LEAR SEATING CORPORATION

By: /s/ Joseph F. McCarthy  
-----  
Name: Joseph F. McCarthy  
Title: Vice President,  
Secretary and  
General Counsel

/s/ James H. Vandenberghe  
-----  
James H. Vandenberghe

## AMENDMENT TO STOCK OPTION AGREEMENT

AMENDMENT TO STOCK OPTION AGREEMENT, dated as of March 2, 1995 (this "Amendment"), between Lear Seating Corporation, a Delaware corporation (the "Company"), and the party whose name appears on the signature page hereof, an employee of the Company (the "Employee").

WHEREAS, the Company and the Employee are parties to that certain Stock Option Agreement dated as of September 29, 1988 (the "Stock Option Agreement"), pursuant to which the Employee was granted options ("Options") to purchase 62,700 shares of Common Stock, \$.01 par value per share, of the Company;

WHEREAS, the Company and the Employee desire to amend the Stock Option Agreement on the terms and subject to the conditions set forth herein.

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

SECTION 1. Amendment to Section 9. Section 9 of the Stock Option Agreement shall be amended to add the following sentence to the end thereof:

"Notwithstanding the foregoing, the Employee may grant to the Company a security interest in the Option or in any portion thereof to secure the Employee's obligations under that certain Amended and Restated Secured Promissory Note dated March 2, 1995 (the "Amended and Restated Note")."

SECTION 2. Performance by the Company of the Employee's Rights. The Option Agreement is amended to add a new Section 16 thereto, to read as follows:

"16. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuation of an event of default under the Amended and Restated Note, the Company may, to the extent expressly authorized under the Amended and Restated Note, exercise all rights of the Employee with respect to the Option or any portion thereof, including the right to exercise the Option in accordance with the

terms of this Agreement. In such event, the Company shall be subject to the same limitations and restrictions as apply to the Employee hereunder."

SECTION 3. Effectiveness; Miscellaneous. (a) This Amendment shall become effective as of the date first set forth above.

(b) This Amendment constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(c) Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

(d) Each reference to a party hereto shall be deemed to include its successors and assigns, all of whom shall be bound by this Amendment and to whose benefit the provisions of this Amendment shall inure.

(e) This Amendment may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one instrument.

(f) Except as specifically amended or modified hereby, the Option Agreement shall continue in full force and effect in accordance with the provisions thereof. As used therein, the terms "Agreement", "herein", "hereunder", "hereinafter", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be signed individually or by its duly authorized officer, as the case may be, as of the day and year first above written.

LEAR SEATING CORPORATION

By: /s/ Joseph F. McCarthy  
-----  
Name: Joseph F. McCarthy  
Title: Vice President,  
Secretary and  
General Counsel

/s/ Randal T. Murphy  
-----  
Randal T. Murphy

## AMENDMENT TO STOCK OPTION AGREEMENT

AMENDMENT TO STOCK OPTION AGREEMENT, dated as of March 2, 1995 (this "Amendment"), between Lear Seating Corporation, a Delaware corporation (the "Company"), and the party whose name appears on the signature page hereof, an employee of the Company (the "Employee").

WHEREAS, the Company and the Employee are parties to that certain Stock Option Agreement dated as of September 29, 1988 (the "Stock Option Agreement"), pursuant to which the Employee was granted options ("Options") to purchase 62,700 shares of Common Stock, \$.01 par value per share, of the Company;

WHEREAS, the Company and the Employee desire to amend the Stock Option Agreement on the terms and subject to the conditions set forth herein.

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

SECTION 1. Amendment to Section 9. Section 9 of the Stock Option Agreement shall be amended to add the following sentence to the end thereof:

"Notwithstanding the foregoing, the Employee may grant to the Company a security interest in the Option or in any portion thereof to secure the Employee's obligations under that certain Amended and Restated Secured Promissory Note dated March 2, 1995 (the "Amended and Restated Note")."

SECTION 2. Performance by the Company of the Employee's Rights. The Option Agreement is amended to add a new Section 16 thereto, to read as follows:

"16. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuation of an event of default under the Amended and Restated Note, the Company may, to the extent expressly authorized under the Amended and Restated Note, exercise all rights of the Employee with respect to the Option or any portion thereof, including the right to exercise the Option in accordance with the

terms of this Agreement. In such event, the Company shall be subject to the same limitations and restrictions as apply to the Employee hereunder."

SECTION 3. Effectiveness; Miscellaneous. (a) This Amendment shall become effective as of the date first set forth above.

(b) This Amendment constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(c) Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

(d) Each reference to a party hereto shall be deemed to include its successors and assigns, all of whom shall be bound by this Amendment and to whose benefit the provisions of this Amendment shall inure.

(e) This Amendment may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one instrument.

(f) Except as specifically amended or modified hereby, the Option Agreement shall continue in full force and effect in accordance with the provisions thereof. As used therein, the terms "Agreement", "herein", "hereunder", "hereinafter", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Agreement as amended hereby.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be signed individually or by its duly authorized officer, as the case may be, as of the day and year first above written.

LEAR SEATING CORPORATION

By: /s/ Joseph F. McCarthy  
-----  
Name: Joseph F. McCarthy  
Title: Vice President,  
Secretary and  
General Counsel

/s/ James A. Hollars  
-----  
James A. Hollars

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