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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 October 1, 2005.

OR

o **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	**48034**
(Address of principal executive offices)	*(Zip code)*

(248) 447-1500
(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 such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☑ No o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

As of November 4, 2005, the number of shares outstanding of the registrant's Common Stock, par value $0.01 per share, was 67,169,022.

LEAR CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED OCTOBER 1, 2005

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LEAR CORPORATION

PART I — FINANCIAL INFORMATION

ITEM 1 — CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

We have prepared the condensed consolidated financial statements of Lear Corporation and subsidiaries, 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 accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. We believe that the disclosures are adequate to make the information presented not misleading when read in conjunction with the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the year ended December 31, 2004.

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

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	October 1, 2005 (Unaudited)	December 31, 2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 135.4	$ 584.9
Accounts receivable	2,725.1	2,584.9
Inventories	688.9	621.2
Recoverable customer engineering and tooling	285.6	205.8
Other	327.7	375.2
Total current assets	4,162.7	4,372.0
LONG-TERM ASSETS:		
Property, plant and equipment, net	1,976.4	2,019.8
Goodwill, net	2,294.7	3,039.4
Other	545.8	513.2
Total long-term assets	4,816.9	5,572.4
	$ 8,979.6	$ 9,944.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 42.7	$ 35.4
Accounts payable and drafts	3,036.6	2,777.6
Accrued liabilities	1,210.4	1,202.1
Current portion of long-term debt	7.6	632.8
Total current liabilities	4,297.3	4,647.9
LONG-TERM LIABILITIES:		
Long-term debt	2,291.5	1,866.9
Other	632.1	699.5
Total long-term liabilities	2,923.6	2,566.4
STOCKHOLDERS' EQUITY:		
Common stock, $0.01 par value, 150,000,000 shares authorized; 73,280,978 shares issued as of October 1, 2005 and 73,147,178 shares issued as of December 31, 2004	0.7	0.7
Additional paid-in capital	1,102.0	1,064.4
Common stock held in treasury, 6,112,891 shares as of October 1, 2005 and 5,730,476 shares as of December 31, 2004, at cost	(226.3)	(204.1)
Retained earnings	981.2	1,810.5
Accumulated other comprehensive income (loss)	(98.9)	58.6
Total stockholders' equity	1,758.7	2,730.1
	$ 8,979.6	$ 9,944.4

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

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Net sales	$ 3,986.6	$ 3,897.8	$ 12,691.9	$ 12,673.9
Cost of sales	3,900.2	3,577.6	12,184.8	11,635.2
Selling, general and administrative expenses	142.7	161.1	484.6	487.5
Goodwill impairment charge	670.0	—	670.0	—
Interest expense	45.1	43.3	138.1	121.6
Other expense, net	16.4	10.0	55.5	38.9
Income (loss) before provision (benefit) for income taxes	(787.8)	105.8	(841.1)	390.7
Provision (benefit) for income taxes	(37.7)	14.1	(62.2)	91.5
Net income (loss)	$ (750.1)	$ 91.7	$ (778.9)	$ 299.2
Basic net income (loss) per share	$ (11.17)	$ 1.34	$ (11.60)	$ 4.37
Diluted net income (loss) per share	$ (11.17)	$ 1.26	$ (11.60)	$ 4.08

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

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LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Nine Months Ended	
	October 1, 2005	October 2, 2004
Cash Flows from Operating Activities:		
Net income (loss)	$ (778.9)	$ 299.2
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Goodwill impairment charge	670.0	—
Fixed asset impairment charge	87.3	3.0
Depreciation and amortization	290.9	258.4
Net change in recoverable customer engineering and tooling	(100.1)	(5.3)
Net change in working capital items	(260.6)	(61.4)
Other, net	41.0	20.5
Net cash provided by (used in) operating activities before net change in sold accounts receivable	(50.4)	514.4
Net change in sold accounts receivable	279.2	(70.4)
Net cash provided by operating activities	228.8	444.0
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(414.3)	(283.7)
Cost of acquisition, net of cash required	—	(73.9)
Other, net	15.1	10.4
Net cash used in investing activities	(399.2)	(347.2)
Cash Flows from Financing Activities:		
Issuance (repayment) of senior notes	(600.0)	399.2
Long-term debt borrowings (repayments), net	434.1	(51.5)
Short-term debt repayments, net	(4.1)	(37.0)
Dividends paid	(50.4)	(54.6)
Proceeds from exercise of stock options	4.7	20.1
Repurchase of common stock	(25.4)	(50.6)
Increase in drafts	3.8	3.6
Other, net	0.6	—
Net cash provided by (used in) financing activities	(236.7)	229.2
Effect of foreign currency translation	(42.4)	6.3
Net Change in Cash and Cash Equivalents	(449.5)	332.3
Cash and Cash Equivalents as of Beginning of Period	584.9	169.3
Cash and Cash Equivalents as of End of Period	$ 135.4	$ 501.6
Changes in Working Capital:		
Accounts receivable	$ (548.3)	$ (222.0)
Inventories	(86.8)	(89.7)
Accounts payable	396.9	160.2
Accrued liabilities and other	(22.4)	90.1
Net change in working capital items	$ (260.6)	$ (61.4)
Supplementary Disclosure:		
Cash paid for interest	$ 113.7	$ 93.5
Cash paid for income taxes	$ 94.1	$ 100.1

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

LEAR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

The consolidated financial statements include the accounts of Lear Corporation ("Lear" or the "Parent"), a Delaware corporation and the wholly owned and less than wholly owned subsidiaries controlled by Lear (collectively, the "Company"). In addition, Lear consolidates variable interest entities in which it bears a majority of the risk of the entities' potential losses or stands to gain from a majority of the entities' expected returns. Investments in affiliates in which Lear does not have control, but does have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method.

The Company and its affiliates design and manufacture interior systems and components for automobiles and light trucks. The Company's main customers are automotive original equipment manufacturers. The Company operates facilities worldwide.

Certain amounts in the prior period's financial statement disclosures have been reclassified to conform to the presentation used in the quarter ended October 1, 2005.

(2) Restructuring

2005

In order to address unfavorable industry conditions, the Company began to implement consolidation and census actions in the second quarter of 2005. These actions are the initial phase of a comprehensive restructuring strategy intended to (i) better align the Company's manufacturing capacity with the changing needs of its customers, (ii) eliminate excess capacity and lower the operating costs of the Company and (iii) streamline the Company's organizational structure and reposition its business for improved long-term profitability. The restructuring actions will consist primarily of facility consolidations and closures, including the movement of certain manufacturing operations to lower-cost countries, and census reductions.

In connection with the restructuring actions, the Company expects to incur pre-tax costs of up to $250 million, although the overall restructuring plan has not been finalized. Such costs will include employee termination benefits, asset impairment charges and contract termination costs, as well as other incremental costs resulting from the restructuring actions. These incremental costs will principally include equipment and personnel relocation costs. The Company also expects to incur incremental manufacturing inefficiency costs at the operating locations impacted by the restructuring actions during the related restructuring implementation period. Restructuring costs will be recognized in the Company's consolidated financial statements in accordance with accounting principles generally accepted in the United States. Generally, charges will be recorded as elements of the restructuring plan are finalized. Actual costs recorded in the Company's consolidated financial statements may vary from current estimates.

In connection with the initial phases of the Company's restructuring actions, the Company recorded charges of $56.7 million in the first nine months of 2005, including $48.8 million recorded as cost of sales and $5.3 million recorded as selling, general and administrative expenses. The remaining charges were recorded as interest expense and benefit for income taxes. The charges consist of employee termination benefits of $28.1 million for 298 salaried and 2,331 hourly employees, asset impairment charges of $13.5 million and contract termination costs of $12.0 million, as well as other costs of $3.1 million. Employee termination benefits were recorded based on existing union and employee contracts, statutory requirements and completed negotiations. Asset impairment charges relate to the disposal of leasehold improvements and machinery and equipment with carrying values of $13.5 million in excess of related estimated fair values. Contract termination costs include lease cancellation costs of $3.4 million, which are expected to be paid through 2006, the repayment of various grants of $4.7 million, the termination of joint venture, subcontractor and other relationships of $2.4 million and pension and other postretirement benefit plan curtailments of $1.5 million.

A summary of the 2005 restructuring charges, excluding the $1.5 million pension and other postretirement benefit plan curtailments, is shown below (in millions):

		Utilization		
	Charges	Cash	Non-cash	Accrual as of October 1, 2005
Employee termination benefits	$ 28.1	$ (10.3)	$ —	$ 17.8
Asset impairments	13.5	—	(13.5)	—
Contract termination costs	10.5	(1.0)	—	9.5
Other related costs	3.1	(3.1)	—	—
Total	$ 55.2	$ (14.4)	$ (13.5)	$ 27.3

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

2004

In December 2003, the Company initiated actions affecting two of its U.S. seating facilities. As a result of these actions, the Company recorded charges of $25.5 million for employee termination benefits and asset impairments in 2003. These actions were completed in the second quarter of 2004. Of the total costs associated with these facility actions, approximately $33.3 million related to employee termination benefits and asset impairment charges.

(3) Stock-Based Compensation

On January 1, 2003, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," under which compensation cost for grants of stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units (collectively, "Incentive Units") and stock options is determined on the basis of the fair value of the Incentive Units and stock options as of the grant date. SFAS No. 123 has been applied prospectively to all employee awards granted after January 1, 2003, as permitted under the provisions of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." The pro forma effect on net income (loss) and net income (loss) per share, as if the fair value recognition provisions had been applied to all outstanding and unvested awards granted prior to January 1, 2003, is shown below (in millions, except per share data):

	Three Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Net income (loss), as reported	$ (750.1)	$ 91.7	$ (778.9)	$ 299.2
Add: Stock-based employee compensation expense included in reported net income (loss), net of tax	4.4	2.4	12.5	7.3
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(4.4)	(4.5)	(15.9)	(15.9)
Net income (loss), pro forma	$ (750.1)	$ 89.6	$ (782.3)	$ 290.6
Net income (loss) per share:				
Basic — as reported	$ (11.17)	$ 1.34	$ (11.60)	$ 4.37
Basic — pro forma	$ (11.17)	$ 1.31	$ (11.65)	$ 4.24
Diluted — as reported	$ (11.17)	$ 1.26	$ (11.60)	$ 4.08
Diluted — pro forma	$ (11.17)	$ 1.23	$ (11.65)	$ 3.97

(4) Acquisition

On July 5, 2004, the Company completed its acquisition of the parent of GHW Grote & Hartmann GmbH ("Grote & Hartmann") for consideration of $160.2 million, including assumed debt of $86.3 million, subject to adjustment. This amount excludes the cost of integration, as well as other internal costs related to the transaction which were expensed as incurred. Grote & Hartmann is based in Wuppertal, Germany, and manufactures terminals and connectors, as well as junction boxes and machinery to produce wire harnesses, primarily for the automotive industry.

At the time of the acquisition, the Company began to formulate plans for the restructuring of certain acquired operations. These plans, including plant closings and employee terminations and relocations, were finalized by the Company and are substantially complete. In addition, the Company has made indemnity claims against the sellers for breaches of certain representations and warranties, which are pending as of the date of this Report.

The Grote & Hartmann acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed are included in the consolidated balance sheets as of October 1, 2005 and December 31, 2004. The operating results of Grote & Hartmann are included in the consolidated financial statements since the date of acquisition. In the second quarter of 2005, the allocation of the purchase price was finalized, resulting in a decrease in goodwill of approximately $3.4 million. This decrease was primarily due to the finalization of the restructuring plans, additional information regarding liabilities assumed, including contingent liabilities, revisions of estimates of fair value made at the date of purchase and certain tax attributes. The purchase price and related allocation are shown below (in millions):

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

Consideration paid to former owner	$ 73.9
Debt assumed	86.3
Fees and expenses	3.2
Cost of acquisition	$ 163.4

Property, plant and equipment	$ 100.5
Net working capital	39.7
Restructuring accrual	(12.6)
Other assets purchased and liabilities assumed, net	(22.7)
Goodwill	22.6
Intangible assets	35.9
Total cost allocation	$ 163.4

Intangible assets include amounts recognized for the fair value of customer contracts, customer relationships and technology acquired. These intangible assets have a weighted average useful life of approximately fifteen years.

The pro forma effects of this acquisition would not materially impact the Company's reported results for any period presented.

(5) 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. A summary of inventories is shown below (in millions):

	October 1, 2005	December 31, 2004
Raw materials	$ 516.9	$ 487.8
Work-in-process	45.8	43.8
Finished goods	126.2	89.6
Inventories	$ 688.9	$ 621.2

(6) Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciable property is depreciated over the estimated useful lives of the assets, principally using the straight-line method. A summary of property, plant and equipment is shown below (in millions):

	October 1, 2005	December 31, 2004
Land	$ 141.5	$ 138.6
Buildings and improvements	720.3	759.2
Machinery and equipment	2,922.5	2,844.7
Construction in progress	71.4	52.8
Total property, plant and equipment	3,855.7	3,795.3
Less — accumulated depreciation	(1,879.3)	(1,775.5)
Net property, plant and equipment	$ 1,976.4	$ 2,019.8

Depreciation expense was $98.3 million and $86.8 million in the three months ended October 1, 2005 and October 2, 2004, respectively, and $287.4 million and $256.9 million in the nine months ended October 1, 2005 and October 2, 2004, respectively.

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(7) Goodwill and Long-Lived Assets

A summary of the changes in the carrying amount of goodwill, by reportable operating segment, for the nine months ended October 1, 2005, is shown below (in millions):

	Seating	Interior	Electronic and Electrical	Total
Balance as of December 31, 2004	$ 1,075.7	$ 1,017.8	$ 945.9	$ 3,039.4
Goodwill impairment charge	—	(670.0)	—	(670.0)
Foreign currency translation and other	(33.1)	(5.5)	(36.1)	(74.7)
Balance as of October 1, 2005	$ 1,042.6	$ 342.3	$ 909.8	$ 2,294.7

The Company monitors its goodwill for impairment indicators on an ongoing basis in accordance with SFAS No. 142, “Goodwill and Other Intangible Assets.” The Company’s interior segment has continued to experience a decrease in operating results. The Company has been evaluating strategic alternatives with respect to this segment. On October 17, 2005, the Company entered into a framework agreement for a proposed joint venture relationship, involving its interior segment, with WL Ross & Co. LLC and Franklin Mutual Advisers, LLC. In the third quarter of 2005, the Company evaluated the carrying value of goodwill within its interior segment by comparing the fair value of its reporting units, based on discounted cash flow analyses, to the related net book values. Fair values are estimated using recent automotive industry and specific platform production volume projections, which are based on both independent and internally-developed forecasts, as well as commercial, wage and benefit, inflation, discount rate and other assumptions. As a result, the Company recorded an estimated goodwill impairment charge of $670.0 million in the third quarter of 2005 due to the substantial decrease in the operating performance of its interior segment in 2005, as well as the outlook for this business. The goodwill impairment charge is based on the Company’s best estimate. The ultimate amount of the impairment will be determined in the fourth quarter of 2005 upon finalization of the implied fair value of goodwill pursuant to asset valuation and allocation procedures.

The Company monitors its long-lived assets for impairment indicators on an ongoing basis in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” In the third quarter of 2005, the Company evaluated the carrying value of the fixed assets of certain operating locations within its interior segment. Fair values were estimated based upon either discounted cash flow analyses or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates. As a result, the Company recorded impairment charges of $73.8 million in the third quarter of 2005 in addition to impairment charges of $8.9 million recorded in conjunction with its restructuring actions (Note 2, “Restructuring”). Consistent with the goodwill impairment charge, the fixed assets impairment charges are due to the substantial decrease in the operating performance of specific product lines of the Company’s interior segment in 2005, as well as the outlook for this business. The fixed asset impairment charges are recorded in cost of sales in the consolidated statements of operations for the three and nine months ended October 1, 2005.

(8) Investments in Affiliates

In the second quarter of 2005, the Company committed to the divestiture of a minority interest in a business accounted for under the equity method and recorded a related impairment charge of $16.9 million. This charge is included in other expense, net in the consolidated statements of operations in the nine months ended October 1, 2005. This investment was divested in the third quarter of 2005.

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

(9) Long-Term Debt

A summary of long-term debt and the related weighted average interest rates, including the effect of hedging activities described in Note 18, “Financial Instruments,” and the amortization of debt discount, is shown below (in millions):

	October 1, 2005		December 31, 2004	
Debt Instrument	Long-Term Debt	Weighted Average Interest Rate	Long-Term Debt	Weighted Average Interest Rate
Amended and restated primary credit facility	$ 454.6	5.48%	$ —	—
5.75% Senior Notes, due August 2014	399.3	5.635%	399.2	5.635%
Zero-coupon Convertible Senior Notes, due February 2022	296.6	4.75%	286.3	4.75%
8.125% Euro-denominated Senior Notes, due April 2008	300.3	8.125%	338.5	8.125%
8.11% Senior Notes, due May 2009	800.0	8.24%	800.0	7.74%
7.96% Senior Notes, due May 2005	—	—	600.0	6.95%
Other	48.3	5.05%	75.7	4.22%
	2,299.1		2,499.7	
Current portion	(7.6)		(632.8)	
Long-term debt	$ 2,291.5		$ 1,866.9	

On March 23, 2005, the Company entered into a $1.7 billion credit and guarantee agreement (the “Primary Credit Facility”), which provides for maximum revolving borrowing commitments of $1.7 billion and matures on March 23, 2010. The Primary Credit Facility replaced the Company’s existing $1.7 billion amended and restated credit facility, which was due to mature on March 26, 2006, and which was terminated on March 23, 2005. On August 3, 2005, the Primary Credit Facility was amended to (i) revise the leverage ratio covenant for the third quarter of 2005 through the first quarter of 2006, (ii) obtain the consent of the lenders to permit the Company to enter into a new 18-month term loan facility (the “Term Loan Facility”) with a principal amount of up to $400 million and (iii) provide for the pledge of the capital stock of certain of the Company’s material subsidiaries to secure its obligations under the Primary Credit Facility and the Term Loan Facility. On August 11, 2005, the Company entered into an amended and restated credit and guarantee agreement (the “Amended and Restated Primary Credit Facility”). The Amended and Restated Primary Credit Facility effectively combines the Company’s existing Primary Credit Facility, as amended, with the new $400 million Term Loan Facility with a maturity date of February 11, 2007. The Amended and Restated Primary Credit Facility provides for multicurrency revolving borrowings in a maximum aggregate amount of $750 million, Canadian revolving borrowings in a maximum aggregate amount of $200 million and swing-line revolving borrowings in a maximum aggregate amount of $300 million, the commitments for which are part of the aggregate revolving credit facility commitment. As of October 1, 2005, the Company had $454.6 million in borrowings outstanding under the Amended and Restated Primary Credit Facility, including $400.0 million in borrowings outstanding under the Term Loan Facility and $54.6 million in revolving borrowings.

Revolving borrowings under the Amended and Restated Primary Credit Facility bear interest, payable no less frequently than quarterly, at (a) (1) applicable interbank rates, on Eurodollar and Eurocurrency loans, (2) the greater of the U.S. prime rate and the federal funds rate plus 0.50%, on base rate loans, (3) the greater of the rate publicly announced by the Canadian administrative agent and the federal funds rate plus 0.50%, on U.S. dollar denominated Canadian loans, (4) the greater of the prime rate announced by the Canadian administrative agent and the average Canadian interbank bid rate (CDOR) plus 1.0%, on Canadian dollar denominated Canadian loans, and (5) various published or quoted rates, on swing line and other loans, plus (b) a percentage spread ranging from 0% to 1.0%, depending on the type of loan and/or currency and the Company’s credit rating or leverage ratio. Borrowings under the Term Loan Facility bear interest at a percentage spread ranging from 0.50% to 0.75% for alternate base rate loans and 1.50% to 1.75% for Eurodollar loans depending on the Company’s credit rating or leverage ratio. Under the Amended and Restated Primary Credit Facility, the Company agrees to pay a facility fee, payable quarterly, at rates ranging from 0.10% to 0.35%, depending on its credit rating or leverage ratio, and when applicable, a utilization fee.

The Company’s obligations under the Amended and Restated Primary Credit Facility are guaranteed, on a joint and several basis, by certain of its subsidiaries, which are primarily domestic subsidiaries and all of which are directly or indirectly 100% owned by the Company (Note 20, “Supplemental Guarantor Condensed Consolidating Financial Statements”). In addition, the Amended and Restated Primary Credit Facility provides for the pledge of the capital stock of certain material subsidiaries as security for the Company’s obligations.

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

The Amended and Restated Primary Credit Facility contains operating and financial covenants that, among other things, could limit the Company's ability to obtain additional sources of capital. As amended, the principal financial covenants require that the Company maintain a leverage ratio of not more than 3.75 to 1 as of October 1, 2005 and December 31, 2005, 3.50 to 1 as of April 1, 2006 and 3.25 to 1 as of the end of each quarter thereafter and an interest coverage ratio of not less than 3.5 to 1 as of the end of each quarter (as such ratios are defined in the Amended and Restated Primary Credit Facility). As of October 1, 2005, the Company was in compliance with all covenants and other requirements set forth in its Amended and Restated Primary Credit Facility. The Company's leverage and interest coverage ratios were 2.7 to 1 and 4.8 to 1, respectively. These ratios are calculated on a trailing four quarter basis. As a result, any decline in the Company's operating results will negatively impact its future coverage ratios.

All of the Company's senior notes contain covenants restricting the Company's ability to incur liens and to enter into sale and leaseback transactions and restricting the Company's ability to consolidate with, to merge with or into or to sell or otherwise dispose of all or substantially all of its assets to any person. As of October 1, 2005, the Company was in compliance with all covenants and other requirements set forth in its senior notes.

All of the Company's senior notes are guaranteed by the same subsidiaries that guarantee the Amended and Restated Primary Credit Facility. In the event that any such subsidiary ceases to be a guarantor under the Amended and Restated Primary Credit Facility, such subsidiary will be released as a guarantor of the senior notes.

On May 15, 2005, the Company repaid the $600 million senior notes due May 2005 at maturity.

(10) Pension and Other Postretirement Benefit Plans

Net Periodic Benefit Cost

The components of the Company's net periodic benefit cost are shown below (in millions):

	Pension		Other Postretirement	
	Three Months Ended		Three Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Service cost	$ 10.2	$ 8.9	$ 3.2	$ 3.6
Interest cost	9.4	6.9	3.5	3.3
Expected return on plan assets	(7.5)	(4.6)	—	—
Amortization of actuarial loss	0.8	0.7	1.0	1.0
Amortization of transition (asset) obligation	—	(0.1)	0.6	0.3
Amortization of prior service cost	1.3	0.8	(1.1)	(0.7)
Curtailment loss	0.4	—	—	—
Net periodic benefit cost	$ 14.6	$ 12.6	$ 7.2	$ 7.5

	Pension		Other Postretirement	
	Nine Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Service cost	$ 30.5	$ 30.2	$ 9.3	$ 10.8
Interest cost	27.7	25.8	10.3	9.5
Expected return on plan assets	(22.2)	(18.8)	—	—
Amortization of actuarial loss	2.2	2.3	2.8	3.0
Amortization of transition (asset) obligation	(0.1)	(0.3)	1.9	0.9
Amortization of prior service cost	3.8	3.5	(3.3)	(2.1)
Special termination benefits	—	0.1	0.2	0.2
Settlement loss	1.0	—	—	—
Curtailment loss (gain)	0.8	—	0.7	(7.7)
Net periodic benefit cost	$ 43.7	$ 42.8	$ 21.9	$ 14.6

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Contributions

Employer contributions to the Company's domestic and foreign pension plans for the three and nine months ended October 1, 2005, were approximately $10.7 million and $36.6 million in aggregate, respectively. The Company expects to contribute an additional $13 million to $15 million, in aggregate, to its domestic and foreign pension portfolios in 2005.

(11) Other Expense, Net

Other expense includes state and local non-income taxes, foreign exchange gains and losses, minority interests in consolidated subsidiaries, equity in net income (loss) of affiliates, impairments of equity investments in affiliates, gains and losses on the sales of fixed assets and other miscellaneous income and expense. A summary of other expense, net is shown below (in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Other expense	$ 20.4	$ 11.6	$ 55.9	$ 44.1
Other income	(4.0)	(1.6)	(0.4)	(5.2)
Other expense, net	$ 16.4	$ 10.0	$ 55.5	$ 38.9

(12) Provision (Benefit) for Income Taxes

The benefit for income taxes was $37.7 million, representing an effective tax rate of 4.8%, and $62.2 million, representing an effective tax rate of 7.4%, for the three and nine months ended October 1, 2005, respectively. The provision for income taxes was $14.1 million, representing an effective tax rate of 13.3%, and $91.5 million, representing an effective tax rate of 23.4%, for the three and nine months ended October 2, 2004, respectively. For the three and nine months ended October 1, 2005, the benefit for income taxes was impacted by the goodwill impairment charge for which no tax benefit was provided as this goodwill is nondeductible for tax purposes. The effective tax rate was also affected by the restructuring, fixed asset impairment and litigation-related charges. The tax benefit provided with respect to these items was determined based upon the appropriate tax rate in the jurisdiction in which the expenses were incurred. No tax benefit was provided on the portion of the restructuring and litigation-related charges that were incurred in countries for which no tax benefit is likely to be realized due to a history of operating losses in those countries. For the nine months ended October 1, 2005, the benefit for income taxes was also impacted by the impairment of an equity investment for which no tax benefit was provided because this item will result in a capital loss for which no tax benefit is likely to be realized and a one-time benefit of $17.8 million resulting from a tax law change in Poland.

The effective tax rates in 2005 and 2004 approximated the U.S. federal statutory income tax rate of 35% adjusted for income taxes on foreign earnings, losses and remittances, valuation adjustments, research and development credits, the benefit from a favorable tax settlement related to prior years' matters and other items.

During 2005, the Company recognized the income tax benefits with respect to operating losses generated in the United States in the carrying value of its deferred tax assets. As of October 1, 2005, the Company's net federal deferred tax asset in the United States was approximately $204.6 million. The Company currently believes that it is more likely than not that the Company will generate sufficient U.S.-based taxable income inclusive of the availability of tax planning strategies to realize these deferred tax assets. The Company's analysis of the realization considers the probability of generating taxable income over the permitted period in the United States inclusive of the availability of tax planning strategies. The Company's assessment could change in future periods as a result of changes in the operating and economic environment in the U.S. automotive industry that may influence the Company's ability to generate U.S.-based taxable income. If, as a result of changes, the Company concludes that it is more likely than not that the Company will be unable to fully realize these assets, the Company would be required to provide a full or partial valuation allowance against these deferred tax assets at that time.

American Jobs Creation Act of 2004

In October 2004, the American Jobs Creation Act of 2004 ("the Act") was signed into law. The Act creates a temporary incentive for U.S. corporations to repatriate earnings from foreign subsidiaries by providing an 85% dividends received deduction for certain dividends from controlled foreign corporations to the extent the dividends exceed a base amount and are invested in the United States pursuant to a domestic reinvestment plan. The temporary incentive is available to the Company in 2005. The amount of the Company's dividends potentially eligible for the deduction is limited to $500 million.

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The Company has not completed its evaluation of the repatriation provision due to numerous tax, legal, treasury and business considerations. The Company expects to complete its evaluation of the potential dividends it may pursue, if any, and the related tax ramifications during the fourth quarter of 2005.

(13) Net Income (Loss) Per Share

Basic net income (loss) 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 common stock equivalents. On December 15, 2004, the Company adopted the provisions of Emerging Issues Task Force ("EITF") 04-08, "The Effect of Contingently Convertible Debt on Diluted Earnings per Share," which states that the impact of contingently convertible instruments that are convertible into common stock upon the achievement of a specified market price of the issuer's shares, such as the Company's outstanding zero-coupon convertible senior notes, should be included in net income per share computations regardless of whether the market price trigger has been met, if the impact is dilutive. The effect of EITF 04-08 on the computation of diluted net income per share is to adjust net income by adding back after-tax interest expense on convertible debt and to increase total shares outstanding by the number of shares that would be issuable upon conversion. There are 4,813,056 shares issuable upon conversion of the Company's outstanding zero-coupon convertible senior notes. The Company has restated diluted net income per share for 2004 to include the dilutive impact of the outstanding zero-coupon convertible senior notes. A summary of net income (loss), for diluted net income (loss) per share (in millions), and shares outstanding is shown below:

	Three Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Net income (loss), as reported	$ (750.1)	$ 91.7	$ (778.9)	$ 299.2
Add: After-tax interest expense on convertible debt	—	2.3	—	7.0
Net income (loss), for diluted net income (loss)per share	$ (750.1)	$ 94.0	$ (778.9)	$ 306.2
Weighted average common shares outstanding	67,144,073	68,327,106	67,163,429	68,506,459
Dilutive effect of common stock equivalents	—	1,375,770	—	1,684,196
Shares issuable upon conversion of convertible debt	—	4,813,056	—	4,813,056
Diluted shares outstanding	67,144,073	74,515,932	67,163,429	75,003,711
Diluted net income (loss) per share	$ (11.17)	$ 1.26	$ (11.60)	$ 4.08

The shares issuable upon conversion of the Company's outstanding zero-coupon convertible debt and the effect of common stock equivalents, including options, restricted stock units and performance units were excluded from the computation of diluted net loss per share for the three months and nine months ended October 1, 2005, as inclusion would have resulted in antidilution. Certain options were not included in the computation of diluted shares outstanding for the three months ended October 2, 2004. A summary of these options and their exercise prices, as well as these restricted stock units and performance units is shown below:

	Three Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Options				
Antidilutive options outstanding	3,023,005	16,000	3,023,005	—
Exercise price	$22.12 - $55.33	$ 55.33	$22.12 - $55.33	—
Restricted stock units	1,137,448	—	1,137,448	—
Performance units	1,036,441	—	1,036,441	—

For further information related to the zero-coupon convertible senior notes, see Note 7, "Long-Term Debt," to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

(14) Comprehensive Income (Loss)

Comprehensive income (loss) is defined as all changes in a Company's net assets except changes resulting from transactions with stockholders. It differs from net income (loss) in that certain items currently recorded in equity are included in comprehensive income (loss). A summary of comprehensive income (loss) is shown below (in millions):

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	Three Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Net income (loss)	$ (750.1)	$ 91.7	$ (778.9)	$ 299.2
Other comprehensive income (loss):				
Derivative instruments and hedging activities	(5.9)	1.8	(2.1)	11.5
Foreign currency translation adjustment	2.0	21.9	(155.4)	3.6
Other comprehensive income (loss)	(3.9)	23.7	(157.5)	15.1
Comprehensive income (loss)	$ (754.0)	$ 115.4	$ (936.4)	$ 314.3

(15) Pre-Production Costs Related to Long-Term Supply Agreements

The Company incurs pre-production engineering, research and development (“ER&D”) and tooling costs related to the products produced for its customers under long-term supply agreements. The Company expenses all pre-production ER&D costs for which reimbursement is not contractually guaranteed by the customer. In addition, the Company expenses all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer or for which the customer has not provided a non-cancelable right to use the tooling. During the first nine months of 2005 and 2004, the Company capitalized $189.5 million and $168.3 million, respectively, of pre-production ER&D costs for which reimbursement is contractually guaranteed by the customer. In addition, during the first nine months of 2005 and 2004, the Company capitalized $458.5 million and $289.0 million, respectively, of pre-production tooling costs related to customer-owned tools for which reimbursement is contractually guaranteed by the customer or for which the customer has provided a non-cancelable right to use the tooling. These amounts are included in recoverable customer engineering and tooling and other long-term assets in the consolidated balance sheets. During the nine months ended October 1, 2005 and October 2, 2004, the Company collected $524.0 million and $474.1 million, respectively, of cash related to ER&D and tooling costs.

During the first nine months of 2005 and 2004, the Company capitalized $31.0 million and $24.3 million, respectively, of Company-owned tooling. These amounts are included in property, plant and equipment, net in the consolidated balance sheets.

The classification of capitalized pre-production ER&D and tooling costs related to long-term supply agreements is shown below (in millions):

	October 1, 2005	December 31, 2004
Current	$ 285.6	$ 205.8
Long-term	239.7	245.1
Recoverable customer engineering and tooling	$ 525.3	$ 450.9

Gains and losses related to ER&D and tooling projects are reviewed on an aggregated program basis. Net gains on projects are deferred and recognized over the life of the long-term supply agreement. Net losses on projects are recognized as costs are incurred.

(16) Legal and Other Contingencies

As of October 1, 2005 and December 31, 2004, the Company had recorded reserves for pending legal disputes, including commercial litigation and other matters, of $50.6 million and $25.2 million, respectively. Such reserves reflect amounts recognized in accordance with accounting principles generally accepted in the United States and exclude the cost of legal representation. Product warranty liabilities are recorded separately from legal liabilities, as described below.

Commercial Disputes

The Company is involved from time to time in legal proceedings and claims relating to commercial or contractual disputes, including disputes with its suppliers. Largely as a result of generally unfavorable industry conditions and financial distress within the Company’s supply base, the Company has experienced an increase in commercial and contractual disputes in 2005, particularly with suppliers. These disputes vary in nature and are usually resolved by negotiations between the parties. In the second quarter of 2005, a European seat trim supplier obtained a preliminary judgment (with no notice provided to the Company or its foreign subsidiary) awarding the supplier approximately $11.4 million in interest and penalties for allegedly late payments. The Company’s foreign subsidiary resolved this matter with the supplier for approximately $9.7 million in the third quarter of 2005.

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On January 29, 2002, Seton Company ("Seton"), one of the Company's leather suppliers, filed a suit alleging that the Company had breached a purported agreement to purchase leather from Seton for seats for the life of the General Motors GMT 800 program. Seton filed the lawsuit in the U.S. District Court for the Eastern District of Michigan seeking compensatory and exemplary damages totaling $96.5 million plus interest on breach of contract and promissory estoppel claims. In May 2005, this case proceeded to trial, and the jury returned a $30 million verdict against the Company. On September 27, 2005, the Court denied our post-trial motions challenging the judgment and granted Seton's motion to award prejudgment interest in the amount of $4.7 million. The judgment, with related interest, has been accrued in the consolidated balance sheet as of October 1, 2005. The Company is appealing the judgment and the interest award.

On June 13, 2005, The Chamberlain Group ("Chamberlain") filed a lawsuit against the Company and Ford Motor Company ("Ford") in the Northern District of Illinois alleging patent infringement. Two counts are asserted against the Company and Ford based upon Chamberlain's rolling code security system patent and a related product which operates transmitters to actuate garage door openers. Two additional counts are asserted against Ford only (not the Company) based upon different Chamberlain patents. The Chamberlain lawsuit was filed in connection with the Company's marketing of its universal garage door opener system, which competes with a product offered by Johnson Controls Inc. ("JCI"). JCI obtained technology from Chamberlain to operate its product. In October 2005, JCI joined the lawsuit as a plaintiff along with Chamberlain, and Chamberlain dismissed its infringement claims against Ford based upon its rolling security system patent. The Company has filed a motion seeking to dismiss JCI on the grounds that it lacks standing to enforce the Chamberlain patents at issue. Moreover, the Company denies that it infringes Chamberlain's patents, and the Company intends to vigorously defend the lawsuit.

On January 26, 2004, the Company filed a patent infringement lawsuit against JCI in the U.S. District Court for Eastern District of Michigan asserting that JCI's garage door opener product infringed certain of the Company's radio frequency transmitter patents. After the Company filed its patent infringement action against JCI, JCI sued one of the Company's vendors in Ottawa Circuit Court, Michigan, on July 7, 2004, alleging misappropriation of trade secrets.

Although the Company does not believe that any of the foregoing lawsuits will have a material adverse impact on the Company's business, consolidated financial position or results of operations, no assurances can be given in this regard.

Product Liability Matters

In the event that use of the Company's products results in, or is alleged to result in, bodily injury and/or property damage or other losses, the Company may be subject to product liability lawsuits and other claims. In addition, the Company is a party to warranty-sharing and other agreements with its customers relating to its products. These customers may pursue claims against the Company for contribution of all or a portion of the amounts sought in connection with product liability and warranty claims. The Company can provide no assurances that it will not experience material claims in the future or that it will not incur significant costs to defend such claims. In addition, if any of the Company's products are, or are alleged to be, defective, the Company may be required or requested by its customers to participate in a recall or other corrective action involving such products. Certain of the Company's customers have asserted claims against the Company for costs related to recalls involving the Company's products. In certain instances, the allegedly defective products were supplied by tier II suppliers against whom the Company has sought or will seek contribution. The Company carries insurance for certain legal matters, including product liability claims, but such coverage may be limited. The Company does not maintain insurance for recall matters.

The Company records product warranty liabilities based on its individual customer agreements. Product warranty liabilities are recorded for known warranty issues when amounts related to such issues are probable and reasonably estimable. In certain product liability and warranty matters, the Company may seek recovery from its suppliers that supply materials or services included within the Company's products that are associated with the related claims.

A summary of the changes in product warranty liabilities for the nine months ended October 1, 2005, is shown below (in millions):

Balance as of December 31, 2004	$ 43.4
Expense, net	14.7
Settlements	(21.6)
Foreign exchange and other	(1.5)
Balance as of October 1, 2005	$ 35.0

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Environmental Matters

The Company is 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 clean-up costs resulting from past spills, disposals or other releases of hazardous wastes and environmental compliance. The Company's policy is to comply with all applicable environmental laws and to maintain an environmental management program based on ISO 14001 to ensure compliance. However, the Company currently is, has been and in the future may become the subject of formal or informal enforcement actions or procedures.

The Company has been named as a potentially responsible party at several third-party landfill sites and is engaged in the cleanup of hazardous waste at certain sites owned, leased or operated by the Company, including several properties acquired in the 1999 acquisition of UT Automotive, Inc. ("UT Automotive"). Certain present and former properties of UT Automotive are subject to environmental liabilities which may be significant. The Company obtained agreements and indemnities with respect to certain environmental liabilities from United Technologies Corporation ("UTC") in connection with its acquisition of UT Automotive. UTC manages and directly funds these environmental liabilities pursuant to its agreements and indemnities with the Company.

As of October 1, 2005 and December 31, 2004, the Company had recorded reserves for environmental matters of $5.6 million and $5.9 million, respectively. While the Company does not believe that the environmental liabilities associated with its current and former properties will have a material adverse effect on its business, consolidated financial position or results of operations, no assurances can be given in this regard.

One of the Company's subsidiaries and certain predecessor companies were named as defendants in an action filed by three plaintiffs in August 2001 in the Circuit Court of Lowndes County, Mississippi, asserting claims stemming from alleged environmental contamination caused by an automobile parts manufacturing plant located in Columbus, Mississippi. The plant was acquired by the Company as part of the UT Automotive acquisition in May 1999 and sold almost immediately thereafter, in June 1999, to Johnson Electric Holdings Limited ("Johnson Electric"). In December 2002, 61 additional cases were filed by approximately 1,000 plaintiffs in the same court against the Company and other defendants relating to similar claims. In September 2003, the Company was dismissed as a party to these cases. In the first half of 2004, the Company was named again as a defendant in these same 61 additional cases and was also named in five new actions filed by approximately 150 individual plaintiffs related to alleged environmental contamination from the same facility. The plaintiffs in these actions are persons who allegedly were either residents and/or owned property near the facility or worked at the facility. In November 2004, two additional lawsuits were filed by 28 plaintiffs (individuals and organizations), alleging property damage as a result of the alleged contamination. Each of these complaints seeks compensatory and punitive damages.

Most of the original plaintiffs have filed motions to dismiss their claims for health effects and personal injury damages; therefore, approximately three-fourths of the plaintiffs should be voluntarily dismissed from these lawsuits. Upon the completion of these dismissals, the Company anticipates that there will be approximately 300 plaintiffs remaining in the lawsuits to proceed with property damage claims only. There is the potential that the dismissed plaintiffs could seek separate counsel to re-file their personal injury claims. In March 2005, the venue for these lawsuits was transferred from Lowndes County, Mississippi, to Lafayette County, Mississippi. In April 2005, certain plaintiffs filed an amended complaint alleging negligence, nuisance, intentional tort and conspiracy claims and seeking compensatory and punitive damages. In late April 2005, the court scheduled the first trial date for the initial plaintiffs to commence in March 2006. Discovery continued during the third quarter and must be completed during the fourth quarter of 2005.

UTC, the former owner of UT Automotive, and Johnson Electric have each sought indemnification for losses associated with the Mississippi claims from the Company under the respective acquisition agreements, and the Company has claimed indemnification from them under the same agreements. To date, no company admits to, or has been found to have, an obligation to fully defend and indemnify any other. The Company intends to vigorously defend against these claims and believes that it will eventually be indemnified by either UTC or Johnson Electric for resulting losses, if any. However, the ultimate outcome of these matters is unknown.

Other Matters

In January 2004, the Securities and Exchange Commission ("SEC") commenced an informal inquiry into the Company's September 2002 amendment of its 2001 Form 10-K. The amendment was filed to report the Company's employment of relatives of certain of its directors and officers and certain related party transactions. The SEC's inquiry does not relate to the Company's consolidated financial statements. In February 2005, the staff of the SEC informed the Company that it proposed to recommend to the SEC that it issue an administrative "cease and desist" order as a result of the Company's failure to disclose the related party

transactions in question prior to the amendment of its 2001 Form 10-K. The Company expects to consent to the entry of the order as part of a settlement of this matter.

Prior to the Company's acquisition of UT Automotive from UTC in May 1999, a subsidiary of the Company purchased the stock of a UT Automotive subsidiary. In connection with the acquisition, the Company agreed to indemnify UTC for certain tax consequences if the Internal Revenue Service (the "IRS") overturned UTC's tax treatment of the transaction. The IRS has proposed an adjustment to UTC's tax treatment of the transaction seeking an increase in tax of $87.5 million, excluding interest. A protest objecting to the proposed adjustment has been filed with the IRS. The case has now been referred to the Appeals Office of the IRS for an independent review. An indemnity payment by the Company to UTC for the ultimate amount due to the IRS would constitute an adjustment to the purchase price and resulting goodwill of the UT Automotive acquisition, if and when made, and would not be expected to have a material effect on the Company's reported earnings. The Company believes that valid support exists for UTC's tax positions and intends to vigorously contest the IRS's proposed adjustment. However, the ultimate outcome of this matter is not certain.

The Company is involved in certain other legal actions and claims arising in the ordinary course of business, including, without limitation, supplier disputes, intellectual property matters, personal injury claims, tax claims and employment matters. Although the outcome of any legal matter cannot be predicted with certainty, the Company does not believe that any of these other legal proceedings or matters in which it is currently involved, either individually or in the aggregate, will have a material adverse effect on its business, consolidated financial position or results of operations.

(17) Segment Reporting

The Company has three reportable operating segments: seating, interior and electronic and electrical. The seating segment includes seat systems and components thereof. The interior segment includes instrument panels and cockpit systems, overhead systems, door panels, flooring and acoustic systems and other interior products. The electronic and electrical segment includes electronic products and electrical distribution systems, primarily wire harnesses and junction boxes, interior control and entertainment systems and wireless systems. The Other category includes the corporate headquarters, geographic headquarters and the elimination of intercompany activities, none of which meets the requirements of being classified as an operating segment.

The Company evaluates the performance of its operating segments based primarily on revenues from external customers, income before goodwill impairment charge, interest, other expense and income taxes and cash flows, being defined as income before goodwill impairment charge, interest, other expense and income taxes less capital expenditures plus depreciation and amortization. A summary of revenues from external customers and other financial information by reportable operating segment is shown below (in millions):

	Three Months Ended October 1, 2005				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 2,564.3	$ 731.4	$ 690.9	$ —	$ 3,986.6
Income (loss) before goodwill impairment charge, interest, other expense and income taxes	71.2	(113.7)	35.7	(49.5)	(56.3)
Depreciation and amortization	36.5	31.7	26.6	4.8	99.6
Capital expenditures	50.9	51.7	22.2	10.4	135.2
Total assets	4,776.6	1,921.7	2,288.2	(6.9)	8,979.6

	Three Months Ended October 2, 2004				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 2,592.7	$ 665.0	$ 640.1	$ —	$ 3,897.8
Income (loss) before, interest, other expense and income taxes	166.4	8.2	42.2	(57.7)	159.1
Depreciation and amortization	31.0	27.2	24.5	5.6	88.3
Capital expenditures	40.7	18.4	25.3	6.7	91.1
Total assets	4,346.6	2,413.7	2,455.9	360.3	9,576.5

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	Nine Months Ended October 1, 2005				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 8,192.9	$ 2,261.2	$ 2,237.8	$ —	$ 12,691.9
Income (loss) before goodwill impairment charge, interest other expense and income taxes	169.9	(139.9)	146.0	(153.5)	22.5
Depreciation and amortization	108.2	89.2	78.3	15.2	290.9
Capital expenditures	181.1	129.5	73.3	30.4	414.3
Total assets	4,776.6	1,921.7	2,288.2	(6.9)	8,979.6

	Nine Months Ended October 2, 2004				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 8,488.5	$ 2,221.4	$ 1,964.0	$ —	$ 12,673.9
Income before interest, other expense and income taxes	501.8	56.8	161.2	(168.6)	551.2
Depreciation and amortization	98.0	81.2	62.1	17.1	258.4
Capital expenditures	140.2	64.9	71.3	7.3	283.7
Total assets	4,346.6	2,413.7	2,455.9	360.3	9,576.5

For the three months ended October 1, 2005, income (loss) before goodwill impairment charge, interest, other expense and income taxes includes restructuring charges of $6.7 million, $14.2 million, $6.6 million and $0.8 million in the seating, interior, electronic and electrical operating segments and in the other category, respectively. For the nine months ended October 1, 2005, income (loss) before goodwill impairment charge, interest, other expense and income taxes includes restructuring charges of $19.6 million, $17.4 million, $15.5 million and $1.6 million in the seating, interior, electronic and electrical operating segments and in the other category, respectively (Note 2, “Restructuring”). In addition, for the three and nine months ended October 1, 2005, income (loss) before goodwill impairment charge, interest, other expense and income taxes includes $73.8 million in additional fixed asset impairment charges in the interior segment (Note 7, “Goodwill and Long-Lived Assets”).

For the nine months ended October 2, 2004, income before interest, other expense and income taxes includes restructuring charges of $7.8 million in the seating segment.

A reconciliation of consolidated income (loss) before goodwill impairment charge, interest, other expense and income taxes to consolidated income (loss) before provision (benefit) for income taxes is shown below (in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Income (loss) before goodwill impairment charge, interest, other expense and income taxes	$ (56.3)	$ 159.1	$ 22.5	$ 551.2
Goodwill impairment charge	670.0	—	670.0	—
Interest expense	45.1	43.3	138.1	121.6
Other expense, net	16.4	10.0	55.5	38.9
Income (loss) before provision (benefit) for income taxes	$ (787.8)	$ 105.8	$ (841.1)	$ 390.7

(18) Financial Instruments

Certain of the Company’s European and Asian subsidiaries periodically factor their accounts receivable with financial institutions. Such receivables are factored without recourse to the Company and are excluded from accounts receivable in the consolidated balance sheets. As of October 1, 2005, the amount of factored accounts receivable was $166.8 million. As of December 31, 2004, there were no factored accounts receivable.

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Asset-Backed Securitization Agreement

The Company and several of its U.S. subsidiaries sell certain accounts receivable to a wholly-owned, consolidated, bankruptcy-remote special purpose corporation (Lear ASC Corporation) under an asset-backed securitization facility (the “ABS facility”). In turn, Lear ASC Corporation transfers undivided interests in up to $150 million of the accounts receivable to bank-sponsored commercial-paper conduits. As of October 1, 2005, accounts receivable totaling $490.1 million had been transferred to Lear ASC Corporation, including $377.2 million of retained interests, which serves as credit enhancement for the facility and is included in accounts receivable in the consolidated balance sheet as of October 1, 2005, and $112.9 million of undivided interests, which was transferred to the conduits and is excluded from accounts receivable in the consolidated balance sheet as of October 1, 2005. As of December 31, 2004, accounts receivable totaling $654.4 million had been transferred to Lear ASC Corporation, but no undivided interests were transferred to the conduits. As such, this retained interest is included in accounts receivable in the consolidated balance sheet as of December 31, 2004. A discount on the sale of receivables of $0.9 million and $0.4 million was recognized in the three months ended October 1, 2005 and October 2, 2004, respectively, and $2.6 million and $1.3 million was recognized in the nine months ended October 1, 2005 and October 2, 2004, respectively. This discount is included in other expense, net in the consolidated statements of operations.

The Company retains a subordinated ownership interest in the pool of receivables sold to Lear ASC Corporation. This retained interest is recorded at fair value, which is generally based on a discounted cash flow analysis. The Company continues to service the transferred receivables for an annual servicing fee. The conduit investors and Lear ASC Corporation have no recourse to the Company or its subsidiaries.

A summary of certain cash flows received from and paid to Lear ASC Corporation is shown below (in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2005	October 2, 2004	October 1, 2005	October 2, 2004
Proceeds from (repayments of) securitizations	$ (17.0)	$ —	$ 112.9	$ —
Proceeds from collections reinvested in securitizations	1,060.3	1,041.0	3,213.0	3,627.5
Servicing fees received	1.2	1.3	3.8	4.1

Derivative Instruments and Hedging Activities

Forward foreign exchange, futures and option contracts — The Company uses forward foreign exchange, futures and option contracts to reduce the effect of fluctuations in foreign exchange rates on short-term, foreign currency denominated intercompany transactions and other known foreign currency exposures. Gains and losses on the derivative instruments are intended to offset gains and losses on the hedged transaction in an effort to reduce the earnings volatility resulting from fluctuations in foreign exchange rates. The principal currencies hedged by the Company include the Mexican peso, Canadian dollar and the Euro. Forward foreign exchange and futures contracts are accounted for as fair value hedges when the hedged item is a recognized asset or liability or an unrecognized firm commitment. As of October 1, 2005, contracts designated as fair value hedges with $586.5 million of notional amount were outstanding with maturities of less than five months. As of October 1, 2005, the fair market value of these contracts was approximately negative $7.9 million. Forward foreign exchange, futures and option contracts are accounted for as cash flow hedges when the hedged item is a forecasted transaction or the variability of cash flows to be paid or received relates to a recognized asset or liability. As of October 1, 2005, contracts designated as cash flow hedges with $710.3 million of notional amount were outstanding with maturities of less than 15 months. As of October 1, 2005, the fair market value of these contracts was approximately $4.3 million.

Interest rate swap contracts — The Company uses interest rate swap contracts to manage its exposure to fluctuations in interest rates. Interest rate swap contracts which fix the interest payments of certain variable rate debt instruments or fix the market rate component of anticipated fixed rate debt instruments are accounted for as cash flow hedges. Interest rate swap contracts which hedge the change in fair market value of certain fixed rate debt instruments are accounted for as fair value hedges. As of October 1, 2005, contracts representing $600.0 million of notional amount were outstanding with maturity dates of September 2007 through May 2009. Of these contracts, $300.0 million modify the variable rate characteristics of the Company’s floating rate debt, which are generally set at three-month LIBOR rates. These contracts convert the Company’s floating rate obligations into two-year fixed rate obligations with a weighted average interest rate of 4.17%. The remaining $300.0 million modify the fixed rate characteristics of the Company’s outstanding 8.11% senior notes due May 2009. These contracts convert these fixed rate obligations into variable rate obligations with coupons which reset semi-annually based on LIBOR plus a spread of 4.58%. However, the effective cost of these contracts, including

the impact of swap contract restructuring, is LIBOR plus 3.85%. The fair market value of all outstanding interest rate swap contracts is subject to changes in value due to changes in interest rates. As of October 1, 2005, the aggregate fair market value of outstanding interest rate swap contracts was approximately negative $11.7 million.

As of October 1, 2005 and December 31, 2004, net gains of approximately 14.0 million and $17.4 million, respectively, related to derivative instruments and hedging activities were recorded in accumulated other comprehensive income (loss). Net gains (losses) of $6.2 and $(1.3) million in the three months ended October 1, 2005 and October 2, 2004, respectively, and $20.5 million and $(4.6) million in the nine months ended October 1, 2005 and October 2, 2004, respectively, related to the Company's hedging activities were reclassified from accumulated other comprehensive income (loss) into earnings. As of October 1, 2005, all cash flow hedges were scheduled to mature within two years, all fair value hedges of the Company's foreign exchange exposure were scheduled to mature within five months, and all fair value hedges of the Company's fixed rate debt instruments were scheduled to mature within four years. During the twelve month period ending September 30, 2006, the Company expects to reclassify into earnings net gains of approximately $8.8 million recorded in accumulated other comprehensive income (loss). Such gains will be reclassified at the time the underlying hedged transactions are realized. During the three and nine months ended October 1, 2005 and October 2, 2004, amounts included in the consolidated statements of operations related to changes in the fair value of cash flow and fair value hedges excluded from the effectiveness assessments and the ineffective portion of changes in the fair value of cash flow and fair value hedges were not material.

Non-U.S. dollar financing transactions — The Company has designated its 8.125% Euro-denominated senior notes (Note 9, "Long-Term Debt") as a net investment hedge of long-term investments in its Euro-functional subsidiaries. As of October 1, 2005, the amount recorded in cumulative translation adjustment related to the effective portion of the net investment hedge of foreign operations was approximately negative $76.5 million.

(19) Accounting Pronouncements

Inventory Costs

The Financial Accounting Standards Board ("FASB") issued SFAS No. 151, "Inventory Costs — an amendment of ARB No. 43, Chapter 4." This statement clarifies the requirement that abnormal inventory-related costs be recognized as current-period charges and requires that the allocation of fixed production overheads to inventory conversion costs be based on the normal capacity of the production facilities. The provisions of this statement are to be applied prospectively to inventory costs incurred during fiscal years beginning after June 15, 2005. The Company does not expect the effects of adoption to be significant.

Nonmonetary Assets

The FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets — an amendment of APB Opinion No. 29." APB Opinion No. 29, in general, requires the use of fair value as the measurement basis for exchanges of nonmonetary assets. This statement eliminates the exception to the fair value measurement principle for nonmonetary exchanges of similar productive assets and replaces it with a general exception for nonmonetary asset exchanges that lack commercial substance. The provisions of this statement are to be applied prospectively to nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not expect the effects of adoption to be significant.

Accounting Changes

The FASB issued SFAS No. 154, "Accounting Changes and Error Corrections: a replacement of APB Opinion No. 20 and FASB Statement No. 3." This statement requires retrospective application for voluntary changes in accounting principles and changes required by an accounting pronouncement that does not include specific transition provisions, unless it is impracticable to do so. Retrospective application results in the restatement of prior periods' financial statements to reflect the change in accounting principle. APB Opinion No. 20 previously required that the impact of most voluntary changes in accounting principles be recognized in the period of change as a cumulative effect of a change in accounting principle. The provisions of this statement are to be applied prospectively to accounting changes made in fiscal years beginning after December 15, 2005.

Stock-Based Compensation

The FASB issued a revised SFAS No. 123, "Share-Based Payment." This statement requires that all share-based payments to employees be recognized in the financial statements based on their grant-date fair value. Under previous guidance, companies had the option of recognizing the fair value of stock-based compensation in the financial statements or disclosing the proforma impact of stock-based compensation on the statement of operations in the notes to the financial statements. As described in Note 3, "Stock-Based Compensation," the Company adopted the fair value recognition provisions of SFAS No. 123 for all employee awards issued after January

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

1, 2003. The revised statement is effective at the beginning of the first annual period beginning after June 15, 2005, and provides two methods of adoption, the modified-prospective method and the modified-retrospective method. The Company anticipates adopting the revised statement using the modified-prospective method. The Company is currently evaluating the provisions of the revised statement but does not expect the impact of adoption to be significant.

(20) Supplemental Guarantor Condensed Consolidating Financial Statements

	October 1, 2005				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 6.2	$ 4.4	$ 124.8	$ —	$ 135.4
Accounts receivable	122.4	626.3	1,976.4	—	2,725.1
Inventories	25.7	245.8	417.4	—	688.9
Recoverable customer engineering and tooling	(5.1)	178.7	112.0	—	285.6
Other	118.0	52.2	157.5	—	327.7
Total current assets	267.2	1,107.4	2,788.1	—	4,162.7
LONG-TERM ASSETS:					
Property, plant and equipment, net	202.2	756.2	1,018.0	—	1,976.4
Goodwill, net	105.0	1,230.5	959.2	—	2,294.7
Investments in subsidiaries	4,085.9	2,326.5	—	(6,412.4)	—
Other	102.6	107.4	335.8	—	545.8
Total long-term assets	4,495.7	4,420.6	2,313.0	(6,412.4)	4,816.9
	$ 4,762.9	$ 5,528.0	$ 5,101.1	$ (6,412.4)	$ 8,979.6
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	$ —	$ —	$ 42.7	$ —	$ 42.7
Accounts payable and drafts	282.4	1,003.8	1,750.4	—	3,036.6
Accrued liabilities	206.7	270.0	733.7	—	1,210.4
Current portion of long-term debt	2.0	2.3	3.3	—	7.6
Total current liabilities	491.1	1,276.1	2,530.1	—	4,297.3
LONG-TERM LIABILITIES:					
Long-term debt	2,251.1	9.4	31.0	—	2,291.5
Intercompany accounts, net	35.8	1,120.2	(1,156.0)	—	—
Other	226.2	178.6	227.3	—	632.1
Total long-term liabilities	2,513.1	1,308.2	(897.7)	—	2,923.6
STOCKHOLDERS' EQUITY	1,758.7	2,943.7	3,468.7	(6,412.4)	1,758.7
	$ 4,762.9	$ 5,528.0	$ 5,101.1	$ (6,412.4)	$ 8,979.6

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

(20) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	December 31, 2004				
	Parent	Guarantors	Non-guarantors (In millions)	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 123.5	$ 3.8	$ 457.6	$ —	$ 584.9
Accounts receivable	54.6	443.2	2,087.1	—	2,584.9
Inventories	17.5	193.2	410.5	—	621.2
Recoverable customer engineering and tooling	9.8	110.5	85.5	—	205.8
Other	116.7	64.8	193.7	—	375.2
Total current assets	322.1	815.5	3,234.4	—	4,372.0
LONG-TERM ASSETS:					
Property, plant and equipment, net	156.3	759.2	1,104.3	—	2,019.8
Goodwill, net	105.0	1,920.5	1,013.9	—	3,039.4
Investments in subsidiaries	4,556.1	2,543.8	—	(7,099.9)	—
Other	119.3	90.8	303.1	—	513.2
Total long-term assets	4,936.7	5,314.3	2,421.3	(7,099.9)	5,572.4
	$ 5,258.8	$ 6,129.8	$ 5,655.7	$ (7,099.9)	$ 9,944.4
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	$ —	$ —	$ 35.4	$ —	$ 35.4
Accounts payable and drafts	229.5	810.8	1,737.3	—	2,777.6
Accrued liabilities	190.6	295.7	715.8	—	1,202.1
Current portion of long-term debt	626.5	2.4	3.9	—	632.8
Total current liabilities	1,046.6	1,108.9	2,492.4	—	4,647.9
LONG-TERM LIABILITIES:					
Long-term debt	1,826.1	12.0	28.8	—	1,866.9
Intercompany accounts, net	(549.6)	1,222.7	(673.1)	—	—
Other	205.6	190.0	303.9	—	699.5
Total long-term liabilities	1,482.1	1,424.7	(340.4)	—	2,566.4
STOCKHOLDERS' EQUITY	2,730.1	3,596.2	3,503.7	(7,099.9)	2,730.1
	$ 5,258.8	$ 6,129.8	$ 5,655.7	$ (7,099.9)	$ 9,944.4

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

(20) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

For the Three Months Ended October 1, 2005 (Unaudited; in millions)	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
Net sales	$ 296.9	$ 1,663.8	$ 2,651.7	$ (625.8)	$ 3,986.6
Cost of sales	339.6	1,705.9	2,480.5	(625.8)	3,900.2
Selling, general and administrative expenses	38.2	33.6	70.9	—	142.7
Goodwill impairment charge	—	670.0	—	—	670.0
Interest expense	16.5	21.9	6.7	—	45.1
Intercompany (income) expense, net	(54.3)	75.1	(20.8)	—	—
Other expense, net	8.1	5.8	2.5	—	16.4
Income (loss) before provision (benefit) for income taxes and equity in net loss of subsidiaries	(51.2)	(848.5)	111.9	—	(787.8)
Provision (benefit) for income taxes	(13.3)	(51.4)	27.0	—	(37.7)
Equity in net loss of subsidiaries	712.2	3.5	—	(715.7)	—
Net income (loss)	$ (750.1)	$ (800.6)	$ 84.9	$ 715.7	$ (750.1)

For the Three Months Ended October 2, 2004 (Unaudited; in millions)	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
Net sales	$ 282.3	$ 1,658.6	$ 2,584.6	$ (627.7)	$ 3,897.8
Cost of sales	299.3	1,509.9	2,396.1	(627.7)	3,577.6
Selling, general and administrative expenses	38.6	38.6	83.9	—	161.1
Interest expense	8.3	26.5	8.5	—	43.3
Intercompany (income) expense, net	(82.5)	80.3	2.2	—	—
Other expense, net	1.6	6.8	1.6	—	10.0
Income (loss) before provision (benefit) for income taxes and equity in net income of subsidiaries	17.0	(3.5)	92.3	—	105.8
Provision (benefit) for income taxes	(14.1)	7.6	20.6	—	14.1
Equity in net income of subsidiaries	(60.6)	(26.5)	—	87.1	—
Net income	$ 91.7	$ 15.4	$ 71.7	$ (87.1)	$ 91.7

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

(20) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	For the Nine Months Ended October 1, 2005				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
Net sales	$ 927.5	$ 5,208.5	$ 8,409.3	$ (1,853.4)	$ 12,691.9
Cost of sales	1,049.3	5,087.3	7,901.6	(1,853.4)	12,184.8
Selling, general and administrative expenses	142.7	103.6	238.3	—	484.6
Goodwill impairment charge	—	670.0	—	—	670.0
Interest expense	40.3	73.4	24.4	—	138.1
Intercompany (income) expense, net	(227.4)	235.6	(8.2)	—	—
Other expense, net	25.1	17.9	12.5	—	55.5
Income (loss) before provision (benefit) for income taxes and equity in net (income) loss of subsidiaries	(102.5)	(979.3)	240.7	—	(841.1)
Provision (benefit) for income taxes	(37.7)	(86.5)	62.0	—	(62.2)
Equity in net (income) loss of subsidiaries	714.1	(104.4)	—	(609.7)	—
Net income (loss)	$ (778.9)	$ (788.4)	$ 178.7	$ 609.7	$ (778.9)

	For the Nine Months Ended October 2, 2004				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
Net sales	$ 794.6	$ 5,707.2	$ 8,157.6	$ (1,985.5)	$ 12,673.9
Cost of sales	866.0	5,184.5	7,570.2	(1,985.5)	11,635.2
Selling, general and administrative expenses	119.7	143.5	224.3	—	487.5
Interest expense	10.8	84.1	26.7	—	121.6
Intercompany (income) expense, net	(254.3)	269.0	(14.7)	—	—
Other (income) expense, net	(16.0)	17.6	37.3	—	38.9
Income before provision (benefit) for income taxes and equity in net income of subsidiaries	68.4	8.5	313.8	—	390.7
Provision (benefit) for income taxes	(14.3)	32.7	73.1	—	91.5
Equity in net income of subsidiaries	(216.5)	(137.5)	—	354.0	—
Net income	$ 299.2	$ 113.3	$ 240.7	$ (354.0)	$ 299.2

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

(20) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

	For the Nine Months Ended October 1, 2005				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
Net cash provided by operating activities	$ 22.5	$ (156.2)	$ 362.5	$ —	$ 228.8
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(78.8)	(184.1)	(151.4)	—	(414.3)
Other, net	8.7	2.8	3.6	—	15.1
Net cash used in investing activities	(70.1)	(181.3)	(147.8)	—	(399.2)
Cash Flows from Financing Activities:					
Repayment of senior notes	(600.0)	—	—	—	(600.0)
Long-term debt borrowings, net	436.7	(1.1)	(1.5)	—	434.1
Short-term debt repayments, net	—	—	(4.1)	—	(4.1)
Dividends paid	(50.4)	—	—	—	(50.4)
Proceeds from exercise of stock options	4.7	—	—	—	4.7
Repurchase of common stock	(25.4)	—	—	—	(25.4)
Increase in drafts	(5.5)	5.3	4.0	—	3.8
Other, net	0.6	—	—	—	0.6
Change in intercompany accounts	169.6	329.8	(499.4)	—	—
Net cash used in financing activities	(69.7)	334.0	(501.0)	—	(236.7)
Effect of foreign currency translation	—	4.1	(46.5)	—	(42.4)
Net Change in Cash and Cash Equivalents	(117.3)	0.6	(332.8)		(449.5)
Cash and Cash Equivalents as of Beginning of Period	123.5	3.8	457.6	—	584.9
Cash and Cash Equivalents as of End of Period	$ 6.2	$ 4.4	$ 124.8	$ —	$ 135.4

	For the Nine Months Ended October 2, 2004				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
Net cash provided by operating activities	$ 144.7	$ 11.7	$ 287.6	$ —	$ 444.0
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(54.5)	(93.6)	(135.6)	—	(283.7)
Cost of acquisition, net of cash acquired	—	—	(73.9)	—	(73.9)
Other, net	(3.9)	7.7	6.6	—	10.4
Net cash used in investing activities	(58.4)	(85.9)	(202.9)	—	(347.2)
Cash Flows from Financing Activities:					
Issuance of senior notes	399.2	—	—	—	399.2
Long-term debt repayments, net	(7.5)	—	(44.0)	—	(51.5)
Short-term debt repayments, net	(0.3)	(0.1)	(36.6)	—	(37.0)
Dividends paid	(54.6)	—	—	—	(54.6)
Proceeds from exercise of stock options	20.1	—	—	—	20.1
Repurchase of common stock	(50.6)	—	—	—	(50.6)
Increase in drafts	8.1	(4.6)	0.1	—	3.6
Change in intercompany accounts	(57.5)	70.2	(12.7)	—	—
Net cash provided by financing activities	256.9	65.5	(93.2)	—	229.2
Effect of foreign currency translation	—	0.6	5.7	—	6.3
Net Change in Cash and Cash Equivalents	343.2	(8.1)	(2.8)		332.3
Cash and Cash Equivalents as of Beginning of Period	40.9	9.7	118.7	—	169.3
Cash and Cash Equivalents as of End of Period	$ 384.1	$ 1.6	$ 115.9	$ —	$ 501.6

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

(20) Supplemental Guarantor Condensed Consolidating Financial Statements — (continued)

Basis of Presentation — Certain of the Company's wholly-owned subsidiaries (the "Guarantors") have unconditionally fully guaranteed, on a joint and several basis, the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all of the Company's obligations under the Amended and Restated Primary Credit Facility and the indentures governing the Company's senior notes, including the Company's obligations to pay principal, premium, if any, and interest with respect to the senior notes. The senior notes consist of $800 million aggregate principal amount of 8.11% senior notes due May 2009, Euro 250 million aggregate principal amount of 8.125% senior notes due April 2008, $640 million aggregate principal amount at maturity of zero-coupon convertible senior notes due February 2022 and $400 million aggregate principal amount of 5.75% senior notes due August 2014. The Guarantors under the indentures are currently Lear Operations Corporation, Lear Seating Holdings Corp. #50, Lear Corporation EEDS and Interiors, Lear Technologies, L.L.C., Lear Midwest Automotive, Limited Partnership, Lear Automotive (EEDS) Spain S.L. and Lear Corporation Mexico, S.A. de C.V. In lieu of providing separate unaudited financial statements for the Guarantors, the Company has included the unaudited supplemental guarantor condensed consolidating financial statements above. Management does not believe that separate financial statements of the Guarantors are material to investors. Therefore, separate financial statements and other disclosures concerning the Guarantors are not presented.

Distributions — There are no significant restrictions on the ability of the Guarantors to make distributions to the Company.

Selling, General and Administrative Expenses — The Parent allocated $4.5 million and $32.3 million in the three months ended October 1, 2005 and October 2, 2004, respectively, and $19.4 million and $76.0 million in the nine months ended October 1, 2005 and October 2, 2004, respectively, of corporate selling, general and administrative expenses to its operating subsidiaries. The allocations were based on various factors, which estimate usage of particular corporate functions, and in certain instances, other relevant factors, such as the revenues or the number of employees of the Company's subsidiaries.

Long-term debt of the Parent and the Guarantors — A summary of long-term debt of the Parent and the Guarantors on a combined basis is shown below (in millions):

	October 1, 2005	December 31, 2004
Amended and restated primary credit facility	$ 454.6	$ —
Senior notes	1,796.2	2,424.0
Other long-term debt	14.0	43.0
	2,264.8	,467.0
Less — current portion	(4.3)	(628.9)
	$ 2,260.5	$ 1,838.1

The obligations of foreign subsidiary borrowers under the Amended and Restated Primary Credit Facility are guaranteed by the Parent.

For more information on the above indebtedness, see Note 9, "Long-Term Debt."

LEAR CORPORATION

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

We are one of the world's largest automotive suppliers based on net sales. Our net sales have grown from $12.4 billion for the year ended December 31, 1999, to $17.0 billion for the year ended December 31, 2004. The major source of our internal growth has been new program awards. We supply every major automotive manufacturer in the world, including General Motors, Ford, DaimlerChrysler, BMW, PSA, Volkswagen, Fiat, Renault-Nissan, Mazda, Hyundai, Subaru and Toyota.

We have capabilities in all five principal segments of the automotive interior market: seat systems; instrument panels and cockpit systems; overhead systems; door panels; and flooring and acoustic systems. We are also one of the leading global suppliers of automotive electrical distribution systems. As a result of these capabilities, we can offer our customers fully integrated automotive interiors, including electronic products and electrical distribution systems.

Demand for our products is directly related to automotive vehicle production. Automotive sales and production can be affected by general economic or industry conditions, labor relations issues, regulatory requirements, trade agreements and other factors. Our operating results are also significantly impacted by what is referred to in this section as "vehicle platform mix"; that is, the overall commercial success of the vehicle platforms for which we supply particular products, as well as our relative profitability on these platforms. In addition, our two largest customers, General Motors and Ford, accounted for approximately 43% of our net sales in 2004, excluding net sales to Opel, Saab, Volvo, Jaguar and Land Rover, which are affiliates of General Motors or Ford. A significant loss of business with respect to any vehicle model for which we are a significant supplier could materially and negatively affect our operating results.

Automotive industry conditions in North America and Europe continue to be challenging. In North America, the industry is characterized by significant overcapacity, fierce competition and significant pension and healthcare liabilities for the domestic automakers. In Europe, the market structure is relatively fragmented with significant overcapacity. We expect these challenging industry conditions to continue in the foreseeable future. During 2005, the domestic automakers have lowered production levels on several of our key platforms, particularly within the sport utility vehicle and light truck market segments. In addition, certain of our key platforms in North America and Europe are undergoing model changeovers or refreshenings that are having a larger than normal adverse impact on our vehicle platform mix in 2005. In North America, more than half of our major platforms, representing more than 40% of our net sales in the region, are undergoing model changeovers or refreshenings in 2005. As a result, our vehicle platform mix has had a material adverse impact on our operating results in the first nine months of 2005. There remains considerable uncertainty regarding our customers' production schedules in the fourth quarter of 2005. Historically, the majority of our sales have been derived from the U.S.-based automotive manufacturers in North America, as well as automotive manufacturers in Western Europe. As discussed below, our ability to increase sales in the future will depend, in part, on our ability to increase our penetration of Asian automotive manufacturers worldwide and leverage our existing North American and European customer base across all product lines.

Our customers require us to reduce costs and, at the same time, assume greater responsibility for the design, development, engineering and integration of interior products. We seek to enhance our profitability by investing in technology, design capabilities and new product initiatives that respond to the needs of our customers and consumers. Our profitability is also dependent on our ability to achieve product cost reductions, including cost reductions from our suppliers. Finally, we continually evaluate alternatives to align our business with the changing needs of our customers and to lower the operating costs of our company. In the second quarter of 2005, we began to implement consolidation and census actions in order to address unfavorable industry conditions. These actions continued in the third quarter of 2005 and are the initial phases of a comprehensive restructuring strategy intended to (i) better align our manufacturing capacity with the changing needs of our customers, (ii) eliminate excess capacity and lower our operating costs and (iii) streamline our organizational structure and reposition our business for improved long-term profitability. The restructuring actions will consist primarily of facility consolidations and closures, including the movement of certain manufacturing operations to lower-cost countries, and census reductions. In connection with the restructuring actions, we expect to incur pre-tax costs of up to $250 million, although the overall restructuring plan has not been finalized.

Increases in certain raw material, energy and commodity costs (principally steel, resins and other oil-based commodities) had a material adverse impact on our operating results in 2004 and are continuing to have a material adverse impact on our profitability in 2005. These conditions worsened as a result of the Gulf Coast storms in the third quarter of 2005. Unfavorable industry conditions have also resulted in financial distress within our supply base and an increase in commercial disputes and the risk of supply disruption. We have developed and implemented strategies to mitigate or partially offset the impact of higher raw material and commodity costs,

which include aggressive cost reduction actions, the utilization of our cost technology optimization process (value engineering and competitive benchmarking), the selective in-sourcing of components where we have available capacity, the continued consolidation of our supply base and the acceleration of low-cost country sourcing and engineering. However, due to the magnitude and duration of the increased raw material and commodity costs, these strategies, together with commercial negotiations with our customers and suppliers, have offset only a portion of the adverse impact. No assurances can be given that the increased raw material and commodity costs will not continue to have a material adverse impact on our operating results. See "— Forward-Looking Statements."

In evaluating our financial condition and operating performance, we focus primarily on profitable sales growth and cash flows, as well as return on invested capital on a consolidated basis. In addition to maintaining and expanding our business with our existing customers in our more established markets, we have increased our emphasis on expanding our business in the Asian market and with Asian automotive manufacturers worldwide. The Asian market presents growth opportunities, as automotive manufacturers expand production in this market to meet increasing demand. In addition, we have increased our manufacturing capabilities in Eastern Europe. We have opened facilities to support growth in the Czech Republic and Slovakia, and we are expanding our low-cost operations in Poland and Romania. We currently have twelve joint ventures in China and several other joint ventures dedicated to serving Asian automotive manufacturers. We will continue to seek ways to expand our business in the Asian market and with Asian automotive manufacturers worldwide.

Our success in generating cash flow will depend, in part, on our ability to efficiently manage working capital. Working capital can be significantly impacted by the timing of cash flows from sales and purchases. In this regard, changes in certain customer payment terms have had a material negative impact on our reported cash flows in 2005, particularly in the third quarter, but are not expected to have a significant impact on our average daily cash flows. In addition, our cash flow is also dependent on our ability to efficiently manage our capital spending. Capital spending is expected to be higher in 2005 than in prior years, primarily as a result of new program spending and investments in common seat architecture.

We utilize return on invested capital as a measure of the efficiency with which assets are deployed to increase earnings. Improvements in our return on invested capital will depend on our ability to maintain an appropriate asset base for our business and to increase productivity and operating efficiency. The level of profitability and the return on invested capital of our interior segment is below that of our seating and electronic and electrical segments. Our interior segment continues to experience unfavorable operating results, primarily as a result of higher raw material costs, lower production volumes on key platforms, industry overcapacity, insufficient customer pricing and changes in certain customers' sourcing strategies. In the third quarter of 2005, we evaluated the carrying value of goodwill within our interior segment for potential impairment and recorded a goodwill impairment charge of $670 million. The goodwill impairment charge is based on our best estimate. The ultimate amount of the impairment will be determined in the fourth quarter of 2005 upon finalization of the implied fair value of goodwill pursuant to asset valuation and allocation procedures. We also concluded that certain fixed assets within our interior segment were materially impaired and recorded fixed asset impairment charges of $74 million.

On October 17, 2005, we entered into a framework agreement for a proposed joint venture relationship with WL Ross & Co. LLC and Franklin Mutual Advisers, LLC to explore strategic acquisition opportunities in the automotive interior components sector. Among the opportunities that the partners intend the proposed joint venture to explore is the acquisition of all or a portion of Collins & Aikman Corporation. The proposed joint venture would involve our interior segment, but not our seating or electronic and electrical segments. WL Ross & Co. LLC and Franklin Mutual Advisers, LLC would contribute capital to the proposed joint venture to fund acquisitions. Establishment of the proposed joint venture is subject to the negotiation and execution of definitive agreements and other conditions. No assurances can be given that the proposed joint venture will be completed on the terms contemplated or at all.

In the first nine months of 2005, we incurred costs of $62 million related to the restructuring actions described above. In addition, we recorded a charge of $17 million related to the impairment of an investment in a non-core business and experienced $36 million in litigation-related charges. We also recorded a tax benefit of $18 million resulting from a tax law change in Poland. In the first nine months of 2004, we incurred costs of $29 million related to facility closures and other similar actions. For further information regarding to these items, see "— Restructuring" and Note 2, "Restructuring," Note 8, "Investments in Affiliates," Note 12, "Provision (Benefit) for Income Taxes," and Note 16, "Legal and Other Contingencies," to the accompanying consolidated financial statements.

For further information regarding other factors that have had, or may in the future have, a significant impact on our business, financial condition or results of operations, see "— Forward-Looking Statements" and Item 7, "— Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2004.

LEAR CORPORATION

RESULTS OF OPERATIONS

A summary of our operating results as a percentage of net sales is shown below (dollar amounts in millions):

	Three Months Ended				Nine Months Ended			
	October 1, 2005		October 2, 2004		October 1, 2005		October 2, 2004	
Net sales								
Seating	$2,564.3	64.3%	$2,592.7	66.5%	$ 8,192.9	64.6%	$ 8,488.5	67.0%
Interior	731.4	18.4	665.0	17.1	2,261.2	17.8	2,221.4	17.5
Electronic and electrical	690.9	17.3	640.1	16.4	2,237.8	17.6	1,964.0	15.6
Net sales	3,986.6	100.0	3,897.8	100.0	12,691.9	100.0	12,673.9	100.0
Gross profit	86.4	2.2	320.2	8.2	507.1	4.0	1,038.7	8.2
Selling, general and administrative expenses	142.7	3.6	161.1	4.1	484.6	3.8	487.5	3.8
Goodwill impairment charge	670.0	16.8	—	—	670.0	5.3	—	—
Interest expense	45.1	1.1	43.3	1.1	138.1	1.1	121.6	1.0
Other expense, net	16.4	0.4	10.0	0.2	55.5	0.4	38.9	0.3
Provision (benefit) for income taxes	(37.7)	(0.9)	14.1	0.4	(62.2)	(0.5)	91.5	0.7
Net income (loss)	$ (750.1)	(18.8)%	$ 91.7	2.4%	$ (778.9)	(6.1)%	$ 299.2	2.4%

Three Months Ended October 1, 2005 vs. Three Months Ended October 2, 2004

Net sales in the third quarter of 2005 were $4.0 billion as compared to $3.9 billion in the third quarter of 2004, an increase of $89 million or 2.3%. New business, net of selling price reductions, and the impact of net foreign exchange rate fluctuations favorably impacted net sales by $378 million and $33 million, respectively. This increase was largely offset by less favorable vehicle platform mix, particularly in North America, which reduced net sales by $338 million.

Gross profit and gross margin were $86 million and 2.2% in the quarter ended October 1, 2005, as compared to $320 million and 8.2% in the quarter ended October 2, 2004. The declines in gross profit and gross margin were largely due to selling price reductions, and less favorable vehicle platform mix, which collectively reduced gross profit by $212 million. Gross profit was also negatively affected by fixed asset impairment charges and costs related to our restructuring actions of $106 million and, to a lesser extent, the net impact of higher commodity costs and the inefficiencies associated with increased program launch activity. These decreases were partially offset by the benefit from our productivity initiatives and other efficiencies.

Selling, general and administrative expenses, including research and development, were $143 million in the three months ended October 1, 2005, as compared to $161 million in the three months ended October 2, 2004. As a percentage of net sales, selling, general and administrative expenses were 3.6% and 4.1% in the third quarters of 2005 and 2004, respectively. Selling, general and administrative expenses decreased during the quarter primarily due to a decrease in compensation-related expenses and our overall cost control initiatives.

Other expense, which includes state and local non-income taxes, foreign exchange gains and losses, minority interests in consolidated subsidiaries, equity in net income (loss) of affiliates, gains and losses on the sales of fixed assets and other miscellaneous income and expense, was $16 million in the third quarter of 2005 as compared to $10 million in the third quarter of 2004. For the three months ended October 1, 2005, other expense includes an increase in the losses of certain of our non-consolidated affiliates of $3 million.

The benefit for income taxes was $38 million, representing an effective tax rate of 4.8%, for the three months ended October 1, 2005, as compared to a provision for income taxes of $14 million, representing an effective tax rate of 13.3%, for the three months ended October 2, 2004. The decrease in the effective tax rate is primarily the result of the impact of the goodwill impairment charge for which no tax benefit was provided as this goodwill is nondeductible for tax purposes. The effective tax rate was also affected by the restructuring, fixed asset impairment and litigation-related charges. The tax benefit provided with respect to these items was determined based upon the appropriate tax rate in the jurisdiction in which the expenses were incurred. No tax benefit was provided on the portion of the restructuring and litigation-related charges that were incurred in countries for which no tax benefit is likely to be realized due to a history of operating losses in those countries.

The effective tax rates for the third quarters of 2005 and 2004 approximated the U.S. federal statutory income tax rate of 35% adjusted for income taxes on foreign earnings, losses and remittances, valuation adjustments, research and development credits, the benefit from a favorable tax settlement related to prior years' matters and other items.

During the three months ended October 1, 2005, we recognized the income tax benefits with respect to operating losses generated in the United States in the carrying value of our deferred tax assets. As of October 1, 2005, our net federal deferred tax asset in the United States was approximately $205 million. We currently believe that it is more likely than not that we will generate sufficient U.S.-based taxable income inclusive of the availability of tax planning strategies to realize these deferred tax assets. Our analysis of the realization considers the probability of generating taxable income over the permitted period in the United States inclusive of the availability of tax planning strategies. Our assessment could change in future periods as a result of changes in the operating and economic environment in the U.S. automotive industry that may influence our ability to generate U.S.-based taxable income. If, as a result of changes, we conclude that it is more likely than not that we will be unable to fully realize these assets, we would be required to provide a full or partial valuation allowance against these deferred tax assets at that time.

Net loss in the third quarter of 2005 was $750 million, or $11.17 per diluted share, as compared to net income of $92 million, or $1.26 per diluted share, in the third quarter of 2004, reflecting the goodwill impairment charge of $670 million and for the reasons described above. For further information related to our goodwill impairment charge, see Note 7, "Goodwill and Long-Lived Assets," to the accompanying consolidated financial statements.

Reportable Operating Segments

The financial information presented below is for our three reportable operating segments for the periods presented. These segments are: seating, which includes seat systems and the components thereof; interior, which includes instrument panels and cockpit systems, overhead systems, door panels, flooring and acoustic systems and other interior products; and electronic and electrical, which includes electronic products and electrical distribution systems, primarily wire harnesses and junction boxes, interior control and entertainment systems and wireless systems. Financial measures regarding each segment's income before goodwill impairment charge, interest, other expense and income taxes and income before goodwill impairment charge, interest, other expense and income taxes divided by net sales ("margin") are not measures of performance under accounting principles generally accepted in the United States ("GAAP"). Such measures are presented because we evaluate the performance of our reportable operating segments, in part, based on income before goodwill impairment charge, interest, other expense and income taxes. These measures should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as measures of profitability or liquidity. In addition, these measures, as we determine them, may not be comparable to related or similarly titled measures reported by other companies. For a reconciliation of consolidated income before goodwill impairment charge, interest, other expense and income taxes to income before provision for income taxes, see Note 17, "Segment Reporting."

Seating

A summary of financial measures for our seating segment is shown below (dollar amounts in millions):

	Three months ended	
	October 1, 2005	October 2, 2004
Net sales	$2,564.3	$2,592.7
Income before interest, other expense and income taxes	71.2	166.4
Margin	2.8%	6.4%

Seating net sales were $2.6 billion in the third quarter of 2005, as well as in the third quarter of 2004. Less favorable vehicle platform mix, particularly in North America, and changes in production volumes reduced net sales by $283 million. This decrease was largely offset by the impact of new business, net of selling price reductions, and net foreign exchange rate fluctuations, which improved net sales by $203 million and $36 million, respectively. Income before interest, other expense and income taxes and the related margin on net sales were $71 million and 2.8% in the three months ended October 2, 2005, as compared to $166 million and 6.4% in the three months ended October 2, 2004. The declines in income before interest, other expense and income taxes and the related margin were largely due to less favorable vehicle platform mix and changes in production volumes, which, collectively with the favorable impact of new business, negatively impacted income before interest, other expense and income taxes by $45 million. The effect of net selling price reductions, partially offset by the benefit from our productivity initiatives and other efficiencies, also reduced income before interest, other expense and income taxes by $41 million.

LEAR CORPORATION

Interior

A summary of financial measures for our interior segment is shown below (dollar amounts in millions):

	Three months ended	
	October 1, 2005	October 2, 2004
Net sales	$ 731.4	$665.0
Income (loss) before goodwill impairment charge, interest, other expense and income taxes	(113.7)	8.2
Margin	(15.5)%	1.2%

Interior net sales were $731 million in the third quarter of 2005 as compared to $665 million in the third quarter of 2004, an increase of $66 million or 10.0%. The impact of new business, net of selling price reductions, improved net sales by $141 million. This increase was partially offset by less favorable vehicle platform mix, particularly in North America, and changes in production volumes, which reduced net sales by $71 million. Income (loss) before goodwill impairment charge, interest, other expense and income taxes and the related margin on net sales were ($114) million and (15.5)% in the three months ended October 1, 2005, as compared to $8 million and 1.2% in the three months ended October 2, 2004. The declines in income (loss) before goodwill impairment charge, interest, other expense and income taxes and the related margin were largely due to fixed asset impairment charges and costs related to our restructuring actions of $89 million. Income (loss) before goodwill impairment charge, interest, other expense and income taxes was also negatively affected by the impact of higher commodity costs and less favorable vehicle platform mix.

Electronic and Electrical

A summary of financial measures for our electronic and electrical segment is shown below (dollar amounts in millions):

	Three months ended	
	October 1, 2005	October 2, 2004
Net sales	$690.9	$640.1
Income before interest, other expense and income taxes	35.7	42.2
Margin	5.2%	6.6%

Electronic and electrical net sales were $691 million in the third quarter of 2005 as compared to $640 million in the third quarter of 2004, an increase of $51 million or 7.9%. The impact of new business, net of selling price reductions, and more favorable vehicle platform mix and changes in production volumes improved net sales by $34 million and $23 million, respectively. Income before interest, other expense and income taxes and the related margin on net sales were $36 million and 5.2% in the three months ended October 1, 2005, as compared to $42 million and 6.6% in the three months ended October 2, 2004. In the current quarter, we incurred costs related to our restructuring actions of $10 million. The benefit from our productivity initiatives and other efficiencies was largely offset by the effect of net selling price reductions.

Nine Months Ended October 1, 2005 vs. Nine Months Ended October 2, 2004

Net sales were $12.7 billion in the first nine months of 2005 and 2004. Less favorable vehicle platform mix and lower production volumes, particularly in North America, collectively reduced net sales by $1.4 billion. These decreases were largely offset by new business, net of selling price reductions, the impact of net foreign exchange rate fluctuations and the acquisition of Grote & Hartmann, which favorably impacted net sales by $1.0 billion, $272 million and $120 million, respectively.

Gross profit and gross margin were $507 million and 4.0% in the nine months ended October 1, 2005, as compared to $1,039 million and 8.2% in the nine months ended October 2, 2004. The declines in gross profit and gross margin were largely due to less favorable vehicle platform mix and selling price reductions, which collectively reduced gross profit by $626 million. Gross profit was also negatively affected by fixed asset impairment charges and costs related to restructuring actions of $128 million and, to a lesser extent, the net impact of higher commodity costs and the inefficiencies associated with increased program launch activity. These decreases were partially offset by the benefit from our productivity initiatives and other efficiencies.

Selling, general and administrative expenses, including research and development, were $485 million in the nine months ended October 1, 2005, as compared to $488 million in the nine months ended October 2, 2004. As a percentage of net sales, selling, general

and administrative expenses were 3.8% in the each of the first nine months of 2005 and 2004. The decrease in selling, general and administrative expenses decreased during the period primarily due to a decrease in research and development expenses of $34 million, as well as a decrease in compensation-related expenses and our overall cost control initiatives. These decreases were largely offset by increases in litigation-related charges, as well as incremental spending resulting from the acquisition of Grote & Hartmann.

Interest expense was $138 million in the first nine months of 2005 as compared to $122 million in the first nine months of 2004, primarily due to an increase in short-term interest rates and the interest component of litigation-related charges.

Other expense, which includes state and local non-income taxes, foreign exchange gains and losses, minority interests in consolidated subsidiaries, equity in net income (loss) of affiliates, impairments of equity investments in affiliates, gains and losses on the sales of fixed assets and other miscellaneous income and expense, was $56 million in the first nine months of 2005 as compared to $39 million in the first nine months of 2004. This increase is primarily related to a $17 million impairment charge on an equity investment in a non-core business, which has since been divested.

The benefit for income taxes was $62 million, representing an effective tax rate of 7.4%, for the nine months ended October 1, 2005, as compared to a provision for income taxes of $92 million, representing an effective tax rate of 23.4%, for the nine months ended October 2, 2004. The decrease in the effective tax rate is primarily the result of the impact of the goodwill impairment charge for which no tax benefit was provided as this goodwill is nondeductible for tax purposes. The effective tax rate was also affected by the restructuring, fixed asset impairment, litigation-related and equity investment impairment charges. The tax benefit provided with respect to these items was determined based upon the appropriate tax rate in the jurisdiction in which the expenses were incurred. No tax benefit was provided on the portion of the restructuring and litigation-related charges that were incurred in countries for which no tax benefit is likely to be realized due to a history of operating losses in those countries. In addition, no tax benefit was provided on the impairment of an equity investment because this item will result in a capital loss for which no tax benefit is likely to be realized. These items were partially offset by a one-time benefit of $18 million in the first quarter of 2005 resulting from a tax law change in Poland.

The effective tax rates for the first nine months of 2005 and 2004 approximated the U.S. federal statutory income tax rate of 35% adjusted for income taxes on foreign earnings, losses and remittances, valuation adjustments, research and development credits, the benefit from a favorable tax settlement related to prior years' matters and other items.

During 2005, we recognized the income tax benefits with respect to operating losses generated in the United States in the carrying value of our deferred tax assets. As of October 1, 2005, our net federal deferred tax asset in the United States was approximately $205 million. We currently believe that it is more likely than not that we will generate sufficient U.S.-based taxable income inclusive of the availability of tax planning strategies to realize these deferred tax assets. Our analysis of the realization considers the probability of generating taxable income over the permitted period in the United States inclusive of the availability of tax planning strategies. Our assessment could change in future periods as a result of changes in the operating and economic environment in the U.S. automotive industry that may influence our ability to generate U.S.-based taxable income. If, as a result of changes, we conclude that it is more likely than not that we will be unable to fully realize these assets, we would be required to provide a full or partial valuation allowance against these deferred tax assets at that time.

Net loss in the first nine months of 2005 was $779 million, or $11.60 per diluted share, as compared to net income of $299 million, or $4.08 per diluted share, in the first nine months of 2004, reflecting the goodwill impairment charge of $670 million and for the reasons described above. For further information related to our goodwill impairment charge, see Note 7, "Goodwill and Long-Lived Assets," to the accompanying consolidated financial statements.

Reportable Operating Segments

The financial information presented below is for our three reportable operating segments for the periods presented. These segments are: seating, which includes seat systems and the components thereof; interior, which includes instrument panels and cockpit systems, overhead systems, door panels, flooring and acoustic systems and other interior products; and electronic and electrical, which includes electronic products and electrical distribution systems, primarily wire harnesses and junction boxes, interior control and entertainment systems and wireless systems. Financial measures regarding each segment's income before goodwill impairment charge, interest, other expense and income taxes and income before goodwill impairment charge, interest, other expense and income taxes divided by net sales ("margin") are not measures of performance under accounting principles generally accepted in the United States ("GAAP"). Such measures are presented because we evaluate the performance of our reportable operating segments, in part, based on income before goodwill impairment charge, interest, other expense and income taxes. These measures should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other income statement or cash

flow statement data prepared in accordance with GAAP or as measures of profitability or liquidity. In addition, these measures, as we determine them, may not be comparable to related or similarly titled measures reported by other companies. For a reconciliation of consolidated income before goodwill impairment charge, interest, other expense and income taxes to income before provision for income taxes, see Note 17, “Segment Reporting.”

Seating

A summary of financial measures for our seating segment is shown below (dollar amounts in millions):

	Nine months ended	
	October 1, 2005	October 2, 2004
Net sales	$8,192.9	$8,488.5
Income before interest, other expense and income taxes	169.9	501.8
Margin	2.1%	5.9%

Seating net sales were $8.2 billion in the first nine months of 2005 as compared to $8.5 billion in the first nine months of 2004, a decrease of $296 million or 3.5%. Less favorable vehicle platform mix and lower production volumes, particularly in North America, reduced net sales by $1.2 billion. This decrease was partially offset by the impact of new business, net of selling price reductions, and net foreign exchange rate fluctuations, which improved net sales by $650 million and $210 million, respectively. Income before interest, other expense and income taxes and the related margin on net sales were $170 million and 2.1% in the nine months ended October 1, 2005, as compared to $502 million and 5.9% in the nine months ended October 1, 2004. The declines in income before interest, other expense and income taxes and the related margin were largely due to less favorable vehicle platform mix and lower production volumes, which, collectively with the favorable impact of new business, negatively impacted income before interest, other expense and income taxes by $226 million. The effect of net selling price reductions, partially offset by the benefit from our productivity initiatives and other efficiencies, also reduced income before interest, other expense and income taxes by $57 million. Income before interest, other expense and income taxes was also negatively affected by the impact of higher commodity costs.

Interior

A summary of financial measures for our interior segment is shown below (dollar amounts in millions):

	Nine months ended	
	October 1, 2005	October 2, 2004
Net sales	$2,261.2	$2,221.4
Income (loss) before goodwill impairment charge, interest, other expense and income taxes	(139.9)	56.8
Margin	(6.2)%	2.6%

Interior net sales were $2.3 billion in the first nine months of 2005 as compared to $2.2 billion in the first nine months of 2004, an increase of $40 million or 1.8%. The impact of new business, net of selling price reductions, improved net sales by $254 million. This increase was largely offset by less favorable vehicle platform mix and lower production volumes, particularly in North America, which reduced net sales by $224 million. Income (loss) before goodwill impairment charge, interest, other expense and income taxes and the related margin on net sales were ($140) million and (6.2)% in the nine months ended October 1, 2005, as compared to $57 million and 2.6% in the nine months ended October 2, 2004. The declines in income (loss) before goodwill impairment charge, interest, other expense and income taxes and the related margin were largely due to fixed asset impairment charges and costs related to our restructuring actions of $92 million, as well as less favorable vehicle platform mix and lower production volumes, which, collectively with the favorable impact of new business, negatively impacted income (loss) before goodwill impairment charge, interest, other expense and income taxes by $90 million. Income before goodwill impairment charge, interest, other expense and income taxes was also negatively affected by the impact of higher commodity costs. The benefit from our productivity initiatives and other efficiencies was partially offset by the effect of net selling price reductions.

Electronic and Electrical

A summary of financial measures for our electronic and electrical segment is shown below (dollar amounts in millions):

	Nine months ended	
	October 1, 2005	October 2, 2004
Net sales	$2,237.8	$1,964.0
Income before interest, other expense and income taxes	146.0	161.2
Margin	6.5%	8.2%

Electronic and electrical net sales were $2.2 billion in the first nine months of 2005 as compared to $2.0 billion in the first nine months of 2004, an increase of $274 million or 13.9%. The acquisition of Grote & Hartmann and the impact of new business, net of selling price reductions, improved net sales by $120 million and $99 million, respectively. Income before interest, other expense and income taxes and the related margin on net sales were $146 million and 6.5% in the nine months ended October 1, 2005, as compared to $161 million and 8.2% in the nine months ended October 2, 2004. In the current period, we incurred costs related to our restructuring actions of $20 million. The effect of net selling price reductions was largely offset by the benefit from our productivity initiatives and other efficiencies. The acquisition of Grote & Hartmann contributed $8 million to the change in income before interest, other expense and income taxes between periods.

Restructuring

2005

In order to address unfavorable industry conditions, we began to implement consolidation and census actions in the second quarter of 2005. These actions are the initial phase of a comprehensive restructuring strategy intended to (i) better align our manufacturing capacity with the changing needs of our customers, (ii) eliminate excess capacity and lower our operating costs and (iii) streamline our organizational structure and reposition our business for improved long-term profitability. The restructuring actions will consist primarily of facility consolidations and closures, including the movement of certain manufacturing operations to lower-cost countries, and census reductions.

In connection with the restructuring actions, we expect to incur pre-tax costs of up to $250 million, although the overall restructuring plan has not been finalized. Such costs will include employee termination benefits, asset impairment charges and contract termination costs, as well as other incremental costs resulting from the restructuring actions. These incremental costs will principally include equipment and personnel relocation costs. We also expect to incur incremental manufacturing inefficiency costs at the operating locations impacted by the restructuring actions during the related restructuring implementation period. Restructuring costs will be recognized in our consolidated financial statements in accordance with accounting principles generally accepted in the United States. Generally, charges will be recorded as elements of the restructuring plan are finalized. Actual costs recorded in our consolidated financial statements may vary from current estimates.

In connection with the initial phases of our restructuring actions, we recorded charges of $62 million in the first nine months of 2005, including $54 recorded as cost of sales and $5 million recorded as selling, general and administrative expenses. The remaining chargese were recorded as interest expense and benefit for income taxes. The charges consist of employee termination benefits of $28 million for 298 salaried and 2,331 hourly employees, asset impairment charges of $14 million and contract termination costs of $12 million, as well as other costs of $3 million. We also incurred approximately $5 million in manufacturing inefficiency costs during this period as a result of the restructuring. Employee termination benefits were recorded based on existing union and employee contracts, statutory requirements and completed negotiations. Asset impairment charges relate to the disposal of leasehold improvements and machinery and equipment with carrying values of $14 million in excess of related estimated fair values. Contract termination costs include lease cancellation costs of $3 million, which are expected to be paid through 2006, the repayment of various grants of $5 million, the termination of joint venture, subcontractor and other relationships of $2 million and pension and other postretirement benefit plan curtailments of $2 million.

2004

In December 2003, we initiated actions affecting two of our U.S. seating facilities. As a result of these actions, we recorded charges of $26 million for employee termination benefits and asset impairments in 2003. These actions were completed in the second quarter of 2004. Of the total costs associated with these facility actions, approximately $33 million related to employee termination benefits and asset impairment charges.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are to fund capital expenditures, service indebtedness and support working capital requirements. Our recently announced restructuring strategy is also expected to require significant cash expenditures. Our principal sources of liquidity are cash flows from operating activities and borrowings under available credit facilities. A substantial portion of our operating income is generated by our subsidiaries. As a result, we are dependent on the earnings and cash flows of and the combination of dividends, distributions and advances from our subsidiaries to provide the funds necessary to meet our obligations. There are no significant restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Lear. For further information regarding potential dividends from our non-U.S. subsidiaries, see Note 8, “Income Taxes,” to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2004.

Cash Flow

Cash flows from operating activities were $229 million in the first nine months of 2005 as compared to $444 million in the first nine months of 2004. A decrease in net income (loss), excluding goodwill and fixed asset impairment charges, resulted in a decrease of $321 million in cash provided by operating activities between periods. Net change in working capital, including the net change in recoverable customer engineering and tooling, collectively resulted in a decrease of $294 million in cash provided by operating activities between periods. These decreases were partially offset by the net change in sold accounts receivable, which resulted in an increase of $350 million in cash provided by operating activities between periods. Increases in accounts receivable and accounts payable were a use of $548 million of cash and a source of $397 million of cash, respectively, in the first nine months of 2005, reflecting the timing of payments received from our customers and made to our suppliers.

Cash flows used in investing activities were $399 million in the first nine months of 2005 as compared to $347 million in the first nine months of 2004, reflecting an increase of $131 million in capital expenditures in 2005, offset by cash paid related to the acquisition of Grote & Hartmann of $74 million in 2004.

Cash flows used in financing activities were $237 million in the first nine months of 2005 as compared to cash flows provided by financing activities of $229 million in the first nine months of 2004. This decrease is primarily due to the repayment of the $600 million senior notes due May 2005 in 2005.

Capitalization

In addition to cash provided by operating activities, we utilize a combination of our credit facility and long-term notes to fund our capital expenditures and working capital requirements. For the nine months ended October 1, 2005 and October 2, 2004, our average outstanding debt balance was $2.3 billion and $2.2 billion, respectively. The weighted average long-term interest rate, including rates under our committed credit facility and the effect of hedging activities, was 6.5% and 6.2% for the respective periods.

We utilize uncommitted lines of credit as needed for our short-term working capital fluctuations. For the nine months ended October 1, 2005 and October 2, 2004, our average outstanding unsecured short-term debt balance was $42 million and $14 million, respectively. The weighted average interest rate, including the effect of hedging activities, was 3.7% and 2.5% for the respective periods. The availability of uncommitted lines of credit may be affected by our financial performance, credit ratings and other factors. Uncommitted lines of credit available from banks have decreased by approximately $105 million from December 31, 2004, through the date of this Report.

Amended and Restated Primary Credit Facility

On March 23, 2005, we entered into a $1.7 billion credit and guarantee agreement (the “primary credit facility”), which provides for maximum revolving borrowing commitments of $1.7 billion and matures on March 23, 2010. The primary credit facility replaced our existing $1.7 billion amended and restated credit facility, which was due to mature on March 26, 2006, and which was terminated on March 23, 2005. On August 3, 2005, the primary credit facility was amended to (i) revise the leverage ratio covenant for the third quarter of 2005 through the first quarter of 2006, (ii) obtain the consent of the lenders to permit us to enter into a new 18-month term loan facility (the “term loan facility”) with a principal amount of up to $400 million and (iii) provide for the pledge of the capital stock of certain of our material subsidiaries to secure our obligations under the primary credit facility and the term loan facility. On August 11, 2005, we entered into an amended and restated credit and guarantee agreement (the “amended and restated primary credit facility”). The amended and restated primary credit facility effectively combines our existing primary credit facility, as amended, with the new $400 million term loan facility with a maturity date of February 11, 2007. The amended and restated primary credit facility provides for multicurrency revolving borrowings in a maximum aggregate amount of $750 million, Canadian revolving borrowings in a maximum aggregate amount of $200 million and swing-line revolving borrowings in a maximum aggregate amount of $300 million, the commitments for which are part of the aggregate revolving credit facility commitment. As of October 1, 2005, we had $455 million in borrowings outstanding under the amended and restated primary credit facility, including $400 million in borrowings

outstanding under our term loan facility and $55 million in revolving borrowings, as well as $68 million committed under outstanding letters of credit, resulting in more than $1.5 billion of unused availability.

Revolving borrowings under the amended and restated primary credit facility bear interest, payable no less frequently than quarterly, at (a) (1) applicable interbank rates, on Eurodollar and Eurocurrency loans, (2) the greater of the U.S. prime rate and the federal funds rate plus 0.50%, on base rate loans, (3) the greater of the rate publicly announced by the Canadian administrative agent and the federal funds rate plus 0.50%, on U.S. dollar denominated Canadian loans, (4) the greater of the prime rate announced by the Canadian administrative agent and the average Canadian interbank bid rate (CDOR) plus 1.0%, on Canadian dollar denominated Canadian loans, and (5) various published or quoted rates, on swing line and other loans, plus (b) a percentage spread ranging from 0% to 1.0%, depending on the type of loan and/or currency and our credit rating or leverage ratio. Borrowings under the term loan facility bear interest at a percentage spread ranging from 0.50% to 0.75% for alternate base rate loans and 1.50% to 1.75% for Eurodollar loans depending on our credit rating or leverage ratio. Under the amended and restated primary credit facility, we agree to pay a facility fee, payable quarterly, at rates ranging from 0.10% to 0.35%, depending on our credit rating or leverage ratio, and when applicable, a utilization fee.

Our obligations under the amended and restated primary credit facility are guaranteed, on a joint and several basis, by certain of our subsidiaries, which are primarily domestic subsidiaries and all of which are directly or indirectly 100% owned by us. In addition, the amended and restated primary credit facility provides for the pledge of the capital stock of certain material subsidiaries as security for our obligations.

The amended and restated primary credit facility contains operating and financial covenants that, among other things, could limit our ability to obtain additional sources of capital. As amended, the principal financial covenants require that we maintain a leverage ratio of not more than 3.75 to 1 as of October 1, 2005 and December 31, 2005, 3.50 to 1 as of April 1, 2006 and 3.25 to 1 as of the end of each quarter thereafter and an interest coverage ratio of not less than 3.5 to 1 as of the end of each quarter (as such ratios are defined in the amended and restated primary credit facility). As of October 1, 2005, we were in compliance with all covenants and other requirements set forth in our amended and restated primary credit facility. Our leverage and interest coverage ratios were 2.7 to 1 and 4.8 to 1, respectively. These ratios are calculated on a trailing four quarter basis. As a result, any decline in our operating results negatively impacts our coverage ratios in the future. See “— Other Matters — Outlook.”

Senior Notes

As of October 1, 2005, we had $2.3 billion of debt outstanding, including short-term borrowings, consisting primarily of a $400 million term loan under our amended and restated primary credit facility due February 2007, $399 million aggregate principal amount of senior notes due August 2014, $297 million accreted value of zero-coupon senior notes due February 2022, Euro 250 million (approximately $300 million based on the exchange rate in effect as of October 1, 2005) aggregate principal amount of senior notes due April 2008 and $800 million aggregate principal amount of senior notes due May 2009. In May 2005, we repaid the $600 million senior notes due May 2005 at maturity with excess cash and borrowings under the primary credit facility.

All of our senior notes contain covenants restricting our ability to incur liens and to enter into sale and leaseback transactions and restricting our ability to consolidate with, to merge with or into or to sell or otherwise dispose of all or substantially all of our assets to any person. As of October 1, 2005, we were in compliance with all covenants and other requirements set forth in our senior notes.

All of our senior notes are guaranteed by the same subsidiaries that guarantee the amended and restated primary credit facility. In the event that any such subsidiary ceases to be a guarantor under the amended and restated primary credit facility, such subsidiary will be released as a guarantor of the senior notes.

Scheduled cash interest payments on our outstanding senior notes are $45 million in the last three months of 2005.

Off-Balance Sheet Arrangements

Asset-Backed Securitization Facility

We have an asset-backed securitization facility (the “ABS facility”) in place which provides for maximum purchases of adjusted accounts receivable of $150 million. As of October 1, 2005, accounts receivable in an aggregate amount of $113 million were sold under this facility. Although we utilized the ABS facility throughout 2004, as of December 31, 2004, there were no accounts receivable sold under the facility. The level of funding utilized under this facility is based on the credit ratings of our major customers, the aggregate amount of accounts receivable in a specific month and our funding requirements. Should our major customers experience further reductions in their credit ratings, we may be unable to utilize the ABS facility in the future. Should this

occur, we would anticipate utilizing our amended and restated primary credit facility to replace the funding currently provided by the ABS facility.

Guarantees and Commitments

We guarantee the residual value of certain of our leased assets. As of October 1, 2005, these guarantees totaled $27 million. In addition, we guarantee certain of the debt of some of our unconsolidated affiliates. The percentages of debt guaranteed of these entities are based on our ownership percentages. As of October 1, 2005, the aggregate amount of debt guaranteed was approximately $26 million.

Accounts Receivable Factoring

Certain of our European and Asian subsidiaries periodically factor their accounts receivable with financial institutions. Such receivables are factored without recourse to us and are excluded from accounts receivable in our consolidated balance sheets. As of October 1, 2005, the amount of factored accounts receivable was $167 million. As of December 31, 2004, there were no factored accounts receivable. We cannot provide any assurances that these factoring facilities will be available or utilized in the future.

Credit Ratings

The credit ratings below are not recommendations to buy, sell or hold our securities and are subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

The credit ratings of our senior unsecured debt as of the date of this Report, are shown below. The rating of Fitch Ratings is “investment grade.” The rating of Standard & Poor’s Ratings Services is one level below investment grade. The rating of Moody’s Investors Service is two levels below investment grade.

	Standard & Poor’s Ratings Services	Moody’s Investors Service	Fitch Ratings
Credit rating of senior unsecured debt	BB+	Ba2	BBB-
Ratings outlook	Negative	Stable	Negative

In August 2005, Standard & Poor’s Ratings Services changed its credit rating of our senior unsecured debt from BBB- to BB+ and maintained its ratings outlook at negative. In July 2005, Moody’s Investors Service changed its credit rating of our senior unsecured debt from Baa3 to Ba2 and moved its ratings outlook from negative to stable. Also in July 2005, Fitch Ratings moved its ratings outlook from stable to negative.

Dividends

A summary of 2005 dividend activity is shown below:

Dividend Amount	Declaration Date	Record Date	Payment Date
$0.25 per share	January 13, 2005	February 25, 2005	March 14, 2005
$0.25 per share	May 5, 2005	May 20, 2005	June 6, 2005
$0.25 per share	August 3, 2005	August 19, 2005	September 6, 2005
$0.25 per share	November 10, 2005	November 25, 2005	December 12, 2005

We expect to pay quarterly cash dividends in the future, although such payment is dependent upon our financial condition, results of operations, capital requirements, alternative uses of capital and other factors. See “— Forward-Looking Statements.”

Common Stock Repurchase Program

In November 2004, our Board of Directors approved a common stock repurchase program which permits the discretionary repurchase of up to 5,000,000 shares of our common stock through November 15, 2006. During the first quarter of 2005, we repurchased 490,900 shares of our outstanding common stock at an average purchase price of $51.72 per share, excluding commissions of $0.03 per share. There were no shares repurchased during the second and third quarters of 2005. As of October 1, 2005, 4,509,100 shares of common stock were available for repurchase under the common stock repurchase program. The extent to which we will repurchase our common stock and the timing of such repurchases will depend upon prevailing market conditions, alternative uses of capital and other factors. See “— Forward-Looking Statements.”

Adequacy of Liquidity Sources

We believe that cash flows from operations and borrowing capacity under available credit facilities will be sufficient to meet our long-term debt maturities, projected capital expenditures and anticipated working capital requirements for the foreseeable future. However, our cash flows from operations, borrowing availability and overall liquidity are subject to risks and uncertainties. See "— Executive Overview," "— Forward-Looking Statements" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2004.

Market Rate Sensitivity

In the normal course of business, we are exposed to market risk associated with fluctuations in foreign exchange rates and interest rates. We 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

Operating results may be impacted by our buying, selling and financing in currencies other than the functional currency of our operating companies ("transactional exposure"). We mitigate this risk by entering into forward foreign exchange, futures and option contracts. The foreign exchange contracts are executed with banks that we believe are creditworthy. Gains and losses related to foreign exchange contracts are deferred and included in the measurement of the foreign currency transaction subject to the hedge. Gains and losses incurred related to foreign exchange contracts are generally offset by the direct effects of currency movements on the underlying transactions.

Our most significant foreign currency transactional exposures relate to the Mexican peso, the Canadian dollar and the Euro. We have performed a quantitative analysis of our overall currency rate exposure as of October 1, 2005. The potential earnings exposure related to transactional exposures from a hypothetical 10% strengthening of the U.S. dollar relative to all other currencies for a twelve-month period is approximately $0.1 million. The potential earnings exposure related to transactional exposures from a similar strengthening of the Euro relative to all other currencies for a twelve-month period is approximately $2 million.

As of October 1, 2005, foreign exchange contracts representing $1.3 billion of notional amount were outstanding with maturities of less than fifteen months. As of October 1, 2005, the fair market value of these foreign exchange contracts was approximately negative $4 million. A 10% change in the value of the U.S. dollar relative to all other currencies would result in a $12 million change in the aggregated fair market value of these contracts. A 10% change in the value of the Euro relative to all other currencies would result in a $19 million change in the aggregated fair market value of these contracts.

There are certain shortcomings inherent to the sensitivity analysis presented. The analysis assumes that all currencies would uniformly strengthen or weaken relative to the U.S. dollar or Euro. In reality, some currencies may strengthen while others may weaken causing the earnings impact to increase or decrease depending on the currency and the direction of the rate movement.

In addition to the transactional exposure described above, our operating results are impacted by the translation of our foreign operating income into U.S. dollars ("translation exposure"). We do not enter into foreign exchange contracts to mitigate this exposure.

Interest Rates

We use a combination of fixed and variable rate debt and interest rate swap contracts to manage our exposure to interest rate movements. Our exposure to variable interest rates on outstanding variable rate debt instruments indexed to United States or European Monetary Union short-term money market rates is partially managed by the use of interest rate swap contracts to convert certain variable rate debt obligations to fixed rate, matching effective and maturity dates to specific debt instruments. We also utilize interest rate swap contracts to convert certain fixed rate debt obligations to variable rate, matching effective and maturity dates to specific debt instruments. All of our interest rate swap contracts are executed with banks that we believe are creditworthy and are denominated in currencies that match the underlying debt instrument. Net interest payments or receipts from interest rate swap contracts are included as adjustments to interest expense in our consolidated statements of operations on an accrual basis.

We have performed a quantitative analysis of our overall interest rate exposure as of October 1, 2005. This analysis assumes an instantaneous 100 basis point parallel shift in interest rates at all points of the yield curve. The potential earnings exposure from this hypothetical increase for a twelve-month period is approximately $7 million.

As of October 1, 2005, interest rate swap contracts representing $600 million of notional amount were outstanding with maturity dates of September 2007 through May 2009. Of these outstanding contracts, $300 million are designated as fair value hedges and modify the fixed rate characteristics of our outstanding 8.11% senior notes due May 2009. The remaining $300 million are designated as cash flow hedges and modify the variable rate characteristics of our floating rate debt. The fair market value of all outstanding interest rate swap contracts is subject to changes in value due to changes in interest rates. As of October 1, 2005, the fair market value of these contracts was approximately negative $12 million. A 100 basis point parallel shift in interest rates would result in a $6 million change in the aggregated fair market value of these contracts.

Commodity Prices

We have commodity price risk with respect to purchases of certain raw materials, including steel, leather, resins, chemicals and diesel fuel. In limited circumstances, we have used financial instruments to mitigate this risk. Increases in certain raw material, energy and commodity costs (principally steel, resins and other oil-based commodities) had a material adverse impact on our operating results in 2004 and are continuing to have a material adverse impact on our profitability in 2005. These conditions worsened as a result of the Gulf Coast storms in the third quarter of 2005. Unfavorable industry conditions have also resulted in financial distress within our supply base and an increase in commercial disputes and the risk of supply disruption. We have developed and implemented strategies to mitigate or partially offset the impact of higher raw material and commodity costs, which include aggressive cost reduction actions, the utilization of our cost technology optimization process, the selective in-sourcing of components where we have available capacity, the continued consolidation of our supply base and the acceleration of low-cost country sourcing and engineering. However, due to the magnitude and duration of the increased raw material and commodity costs, these strategies, together with commercial negotiations with our customers and suppliers, have offset only a portion of the adverse impact. No assurances can be given that the increased raw material and commodity costs will not continue to have a material adverse impact on our operating results. See "— Forward-Looking Statements" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2004.

OTHER MATTERS

Legal and Environmental Matters

We are involved from time to time in legal proceedings and claims relating to commercial or contractual disputes, including disputes with our suppliers. Largely as a result of generally unfavorable industry conditions and financial distress within our supply base, we have experienced an increase in commercial and contractual disputes in 2005, particularly with suppliers. These disputes vary in nature and are usually resolved by negotiations between the parties. In the second quarter of 2005, a European seat trim supplier obtained a preliminary judgment (with no notice provided to us or our foreign subsidiary) awarding the supplier approximately $11 million in interest and penalties for allegedly late payments. Our foreign subsidiary resolved this matter with the supplier for approximately $10 million in the third quarter of 2005.

On January 29, 2002, Seton Company ("Seton"), one of our leather suppliers, filed a suit alleging that we had breached a purported agreement to purchase leather from Seton for seats for the life of the General Motors GMT 800 program. Seton filed the lawsuit in the U.S. District Court for the Eastern District of Michigan seeking compensatory and exemplary damages totaling approximately $97 million plus interest on breach of contract and promissory estoppel claims. In May 2005, this case proceeded to trial, and the jury returned a $30 million verdict against us. On September 27, 2005, the Court denied the Company's post-trial motions challenging the judgment and granted Seton's motion to award prejudgment interest in the amount of approximately $5 million. We are appealing the judgment and the interest award.

On June 13, 2005, The Chamberlain Group ("Chamberlain") filed a lawsuit against us and Ford Motor Company ("Ford") in the Northern District of Illinois alleging patent infringement. Two counts are asserted against us and Ford based upon Chamberlain's rolling code security system patent and a related product which operates transmitters to actuate garage door openers. Two additional counts are asserted against Ford only (not us) based upon different Chamberlain patents. The Chamberlain lawsuit was filed in connection with our marketing of our universal garage door opener system, which competes with a product offered by Johnson Controls Inc. ("JCI"). JCI obtained technology from Chamberlain to operate its product. In October 2005, JCI joined the lawsuit as a plaintiff along with Chamberlain, and Chamberlain dismissed its infringement claims against Ford based upon its rolling security system patent. We have filed a motion seeking to dismiss JCI on the grounds that it lacks standing to enforce the Chamberlain patents at issue. Moreover, we deny that we infringe Chamberlain's patents, and we intend to vigorously defend the lawsuit.

On January 26, 2004, we filed a patent infringement lawsuit against JCI in the U.S. District Court for Eastern District of Michigan asserting that JCI's garage door opener product infringed certain of our radio frequency transmitter patents. After we filed our patent infringement action against JCI, JCI sued one of our vendors in Ottawa Circuit Court, Michigan, on July 7, 2004, alleging misappropriation of trade secrets.

Although we do not believe that any of the foregoing lawsuits will have a material adverse impact on our business, consolidated financial position or results of operations, no assurances can be given in this regard.

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 clean-up costs resulting from past spills, disposals or other releases of hazardous wastes and environmental compliance. Our policy is to comply with all applicable environmental laws and to maintain an environmental management program based on ISO 14001 to ensure compliance. However, we currently are, have been and in the future may become the subject of formal or informal enforcement actions or procedures.

We have been named as a potentially responsible party at several third-party landfill sites and are engaged in the cleanup of hazardous waste at certain sites owned, leased or operated by us, including several properties acquired in our 1999 acquisition of UT Automotive, Inc. ("UT Automotive"). Certain present and former properties of UT Automotive are subject to environmental liabilities which may be significant. We obtained agreements and indemnities with respect to certain environmental liabilities from United Technologies Corporation ("UTC") in connection with our acquisition of UT Automotive. UTC manages and directly funds these environmental liabilities pursuant to its agreements and indemnities with us.

While we do not believe that the environmental liabilities associated with our current and former properties will have a material adverse effect on our business, consolidated financial position or results of operations, no assurances can be given in this regard.

In January 2004, the Securities and Exchange Commission (the "SEC") commenced an informal inquiry into our September 2002 amendment of our 2001 Form 10-K. The amendment was filed to report our employment of relatives of certain of our directors and officers and certain related party transactions. The SEC's inquiry does not relate to our consolidated financial statements. In February 2005, the staff of the SEC informed us that it proposed to recommend to the SEC that it issue an administrative "cease and desist" order as a result of our failure to disclose the related party transactions in question prior to the amendment of our 2001 Form 10-K. We expect to consent to the entry of the order as part of a settlement of this matter.

For further information related to legal and environmental matters, see Part II — Item 1, "Legal Proceedings."

Certain Tax Matters

UT Automotive

Prior to our acquisition of UT Automotive from UTC in May 1999, a subsidiary of Lear purchased the stock of a UT Automotive subsidiary. In connection with the acquisition, we agreed to indemnify UTC for certain tax consequences if the Internal Revenue Service (the "IRS") overturned UTC's tax treatment of the transaction. The IRS has proposed an adjustment to UTC's tax treatment of the transaction seeking an increase in tax of approximately $88 million, excluding interest. A protest objecting to the proposed adjustment has been filed with the IRS. The case has now been referred to the Appeals Office of the IRS for an independent review. An indemnity payment by us to UTC for the ultimate amount due to the IRS would constitute an adjustment to the purchase price and resulting goodwill of the UT Automotive acquisition, if and when made, and would not be expected to have a material effect on our reported earnings. We believe that valid support exists for UTC's tax positions and intend to vigorously contest the IRS's proposed adjustment. However, the ultimate outcome of this matter is not certain.

American Jobs Creation Act of 2004

In October 2004, the American Jobs Creation Act of 2004 ("the Act") was signed into law. The Act creates a temporary incentive for U.S. corporations to repatriate earnings from foreign subsidiaries by providing an 85% dividends received deduction for certain dividends from controlled foreign corporations to the extent the dividends exceed a base amount and are invested in the United States pursuant to a domestic reinvestment plan. The temporary incentive is available to us in 2005. The amount of our dividends potentially eligible for the deduction is limited to $500 million.

We have not completed our evaluation of the repatriation provision due to numerous tax, legal, treasury and business considerations. We expect to complete our evaluation of the potential dividends we may pursue, if any, and the related tax ramifications during the fourth quarter of 2005.

Significant Accounting Policies and Critical Accounting Estimates

Certain of our accounting policies require 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. These estimates and assumptions are subject to an inherent degree of uncertainty. These estimates and assumptions are based on our historical experience, the terms of existing contracts, our evaluation of trends in the industry, information provided by our customers and suppliers and information available from other outside sources, as appropriate. Actual results in these areas could differ from our estimates. For a discussion of our significant accounting policies and critical accounting estimates, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Policies and Critical Accounting Estimates," and Note 2, "Summary of Significant Accounting Policies," to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2004. There have been no significant changes to our significant accounting policies or critical accounting estimates during the first nine months of 2005.

Goodwill and Long-Lived Assets

We monitor our goodwill for impairment indicators on an ongoing basis in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." Our interior segment has continued to experience a decrease in operating results. We have been evaluating strategic alternatives with respect to this segment. On October 17, 2005, we entered into a framework agreement for a proposed joint venture relationship, involving our interior segment, with WL Ross & Co. LLC and Franklin Mutual Advisers, LLC. In the third quarter of 2005, we evaluated the carrying value of goodwill within our interior segment by comparing the fair value of our reporting units, based on discounted cash flow analyses, to the related net book values. Fair values are estimated using recent automotive industry and specific platform production volume projections, which are based on both independent and internally-developed forecasts, as well as commercial, wage and benefit, inflation, discount rate and other assumptions. As a result, we recorded an estimated goodwill impairment charge of $670 million in the third quarter of 2005 due to the substantial decrease in the operating performance of our interior segment in 2005, as well as the outlook for this business. The goodwill impairment charge is based on our best estimate. The ultimate amount of the impairment will be determined in the fourth quarter of 2005 upon finalization of the implied fair value of goodwill pursuant to asset valuation and allocation procedures.

We monitor our long-lived assets for impairment indicators on an ongoing basis in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." In the third quarter of 2005, we evaluated the carrying value of the fixed assets of certain operating locations within our interior segment. Fair values were estimated based upon either discounted cash flow analyses or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates. As a result, we recorded impairment charges of $74 million in the third quarter of 2005 in addition to impairment charges of $9 million recorded in conjunction with its restructuring actions. Consistent with the goodwill impairment charge, the fixed assets impairment charges are due to the substantial decrease in the operating performance of specific product lines of our interior segment in 2005, as well as the outlook for this business. The fixed asset impairment charges are recorded in cost of sales in the consolidated statements of operations for the three and nine months ended October 1, 2005.

Recently Issued Accounting Pronouncements

Inventory Costs

The Financial Accounting Standards Board ("FASB") issued SFAS No. 151, "Inventory Costs – an amendment of ARB No. 43, Chapter 4." This statement clarifies the requirement that abnormal inventory-related costs be recognized as current-period charges and requires that the allocation of fixed production overheads to inventory conversion costs be based on the normal capacity of the

production facilities. The provisions of this statement are to be applied prospectively to inventory costs incurred during fiscal years beginning after June 15, 2005. We do not expect the effects of adoption to be significant.

Nonmonetary Assets

The FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets – an amendment of APB Opinion No. 29." APB Opinion No. 29, in general, requires the use of fair value as the measurement basis for exchanges of nonmonetary assets. This statement eliminates the exception to the fair value measurement principle for nonmonetary exchanges of similar productive assets and replaces it with a general exception for nonmonetary asset exchanges that lack commercial substance. The provisions of this statement are to be applied prospectively to nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. We do not expect the effects of adoption to be significant.

Accounting Changes

The FASB issued SFAS No. 154, "Accounting Changes and Error Corrections: a replacement of APB Opinion No. 20 and FASB Statement No. 3." This statement requires retrospective application for voluntary changes in accounting principles and changes required by an accounting pronouncement that does not include specific transition provisions, unless it is impracticable to do so. Retrospective application results in the restatement of prior periods' financial statements to reflect the change in accounting principle. APB Opinion No. 20 previously required that the impact of most voluntary changes in accounting principles be recognized in the period of change as a cumulative effect of a change in accounting principle. The provisions of this statement are to be applied prospectively to accounting changes made in fiscal years beginning after December 15, 2005.

Stock-Based Compensation

The FASB issued a revised SFAS No. 123, "Share-Based Payment." This statement requires that all share-based payments to employees be recognized in the financial statements based on their grant-date fair value. Under previous guidance, companies had the option of recognizing the fair value of stock-based compensation in the financial statements or disclosing the proforma impact of stock-based compensation on the statement of operations in the notes to the financial statements. As described in Note 3, "Stock-Based Compensation," we adopted the fair value recognition provisions of SFAS No. 123 for all employee awards issued after January 1, 2003. The revised statement is effective at the beginning of the first annual period beginning after June 15, 2005, and provides two methods of adoption, the modified-prospective method and the modified-retrospective method. We anticipate adopting the revised statement using the modified-prospective method. We are currently evaluating the provisions of the revised statement but do not expect the impact of adoption to be significant.

Outlook

A number of significant uncertainties are impacting the outlook for our financial results for the fourth quarter of 2005. These include instability in the raw material and commodity markets, particularly given the effects of the Gulf Coast storms; continuing distress throughout the supply chain, exacerbated by the unprecedented increases in raw material prices, potential for supply disruptions and other supplier bankruptcies; an uncertain sales and production environment in North America; and the timing and impact of activities surrounding our interior segment. Given this level of uncertainty, we have not provided formal financial guidance for the fourth quarter of 2005. However, we do expect net income in excess of $0.75 per share, excluding planned restructuring costs of approximately $0.50 per share in the quarter.

The fourth-quarter 2005 net income per share outlook is based on an assumed 68 million shares outstanding.

The outlook provided reflects the information, including anticipated production schedules, available as of the date of this Report. For a description of certain other factors that may cause our actual result to differ from those expressed in the foregoing forward-looking statements, see "— Forward-Looking Statements," "— Executive Overview" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2004.

LEAR CORPORATION

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates" and similar expressions identify these forward-looking statements. All statements contained or incorporated in this Report which address operating performance or events or developments that we expect or anticipate may occur in the future, including statements related to business opportunities, restructuring or repositioning actions or financial performance or statements expressing views about future operating results, are forward-looking statements. Important factors, risks and uncertainties that may cause actual results to differ from those expressed in our forward-looking statements include, but are not limited to:

- general economic conditions in the markets in which we operate, including changes in interest rates and fuel prices;
- fluctuations in the production of vehicles for which we are a supplier;
- labor disputes involving us or our significant customers or suppliers or that otherwise affect us;
- our ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions;
- the outcome of customer pricing negotiations;
- the impact and timing of program launch costs;
- the costs and timing of facility closures, business realignment or similar actions;
- increases in our warranty or product liability costs;
- risks associated with conducting business in foreign countries;
- competitive conditions impacting our key customers and suppliers;
- raw material costs and availability;
- our ability to mitigate the significant impact of recent increases in raw material, energy and commodity costs;
- the outcome of legal or regulatory proceedings to which we are or may become a party;
- unanticipated changes in cash flow;
- the finalization of our restructuring plan;
- the outcome of various strategic alternatives being evaluated with respect to our interior segment; and
- other risks described from time to time in our other SEC filings.

In addition, the actual amount of the interior segment's goodwill impairment charge will not be finalized until the fourth quarter of 2005 and may be materially different than our current estimate as recorded in the third quarter of 2005. Finally, the proposed joint venture with WL Ross & Co. LLC with respect to our interior segment is subject to the negotiation and execution of definitive agreements and other conditions. No assurances can be given that the proposed joint venture will be completed on the terms contemplated or at all.

The forward-looking statements in this Report, including our financial outlook, are made as of the date hereof, and we do not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

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LEAR CORPORATION

ITEM 4 – CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company has evaluated, under the supervision and with the participation of the Company’s management, including the Company’s Chairman and Chief Executive Officer along with the Company’s Executive Vice President and Chief Financial Officer, the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Report. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. However, based on that evaluation, the Company’s Chairman and Chief Executive Officer along with the Company’s Executive Vice President and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this Report.

(b) Changes in Internal Controls over Financial Reporting

There was no change in the Company’s internal control over financial reporting that occurred during the fiscal quarter ended October 1, 2005, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

LEAR CORPORATION

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

Commercial Disputes

We are involved from time to time in legal proceedings and claims relating to commercial or contractual disputes, including disputes with our suppliers. Largely as a result of generally unfavorable industry conditions and financial distress within our supply base, we have experienced an increase in commercial and contractual disputes in 2005, particularly with suppliers. These disputes vary in nature and are usually resolved by negotiations between the parties. In the second quarter of 2005, a European seat trim supplier obtained a preliminary judgment (with no notice provided to us or our foreign subsidiary) awarding the supplier approximately $11 million in interest and penalties for allegedly late payments. Our foreign subsidiary resolved this matter with the supplier for approximately $10 million in the third quarter of 2005.

On January 29, 2002, Seton Company ("Seton"), one of our leather suppliers, filed a suit alleging that we had breached a purported agreement to purchase leather from Seton for seats for the life of the General Motors GMT 800 program. Seton filed the lawsuit in the U.S. District Court for the Eastern District of Michigan seeking compensatory and exemplary damages totaling approximately $97 million plus interest on breach of contract and promissory estoppel claims. In May 2005, this case proceeded to trial, and the jury returned a $30 million verdict against us. On September 27, 2005, the Court denied our post-trial motions challenging the judgment and granted Seton's motion to award prejudgment interest in the amount of approximately $5 million. We are appealing the judgment and the interest award.

On June 13, 2005, The Chamberlain Group ("Chamberlain") filed a lawsuit against us and Ford Motor Company ("Ford") in the Northern District of Illinois alleging patent infringement. Two counts are asserted against us and Ford based upon Chamberlain's rolling code security system patent and a related product which operates transmitters to actuate garage door openers. Two additional counts are asserted against Ford only (not us) based upon different Chamberlain patents. The Chamberlain lawsuit was filed in connection with our marketing of our universal garage door opener system, which competes with a product offered by Johnson Controls Inc. ("JCI"). JCI obtained technology from Chamberlain to operate its product. In October 2005, JCI joined the lawsuit as a plaintiff along with Chamberlain, and Chamberlain dismissed its infringement claims against Ford based upon its rolling security system patent. We have filed a motion seeking to dismiss JCI on the grounds that it lacks standing to enforce the Chamberlain patents at issue. Moreover, we deny that we infringe Chamberlain's patents, and we intend to vigorously defend the lawsuit.

On January 26, 2004, we filed a patent infringement lawsuit against JCI in the U.S. District Court for Eastern District of Michigan asserting that JCI's garage door opener product infringed certain of our radio frequency transmitter patents. After we filed our patent infringement action against JCI, JCI sued one of our vendors in Ottawa Circuit Court, Michigan, on July 7, 2004, alleging misappropriation of trade secrets.

Although we do not believe that any of the foregoing lawsuits will have a material adverse impact on our business, consolidated financial position or results of operations, no assurances can be given in this regard.

Product Liability Matters

In the event that use of our products results in, or is alleged to result in, bodily injury and/or property damage or other losses, we may be subject to product liability lawsuits and other claims. In addition, we are a party to warranty-sharing and other agreements with our customers relating to our products. These customers may pursue claims against us for contribution of all or a portion of the amounts sought in connection with product liability and warranty claims. We can provide no assurances that we will not experience material claims in the future or that we will not incur significant costs to defend such claims. In addition, if any of our products are, or are alleged to be, defective, we may be required or requested by our customers to participate in a recall or other corrective action involving such products. Certain of our customers have asserted claims against us for costs related to recalls involving our products. In certain instances, the allegedly defective products were supplied by tier II suppliers against whom we have sought or will seek contribution. We carry insurance for certain legal matters, including product liability claims, but such coverage may be limited. We do not maintain insurance for recall 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 clean-up costs resulting from past spills, disposals or other releases of hazardous wastes and environmental compliance. Our policy is to comply with all applicable environmental laws and to maintain

an environmental management program based on ISO 14001 to ensure compliance. However, we currently are, have been and in the future may become the subject of formal or informal enforcement actions or procedures.

We have been named as a potentially responsible party at several third-party landfill sites and are engaged in the cleanup of hazardous waste at certain sites owned, leased or operated by us, including several properties acquired in our 1999 acquisition of UT Automotive, Inc. (“UT Automotive”). Certain present and former properties of UT Automotive are subject to environmental liabilities which may be significant. We obtained agreements and indemnities with respect to certain environmental liabilities from United Technologies Corporation (“UTC”) in connection with our acquisition of UT Automotive. UTC manages and directly funds these environmental liabilities pursuant to its agreements and indemnities with us.

While we do not believe that the environmental liabilities associated with our current and former properties will have a material adverse effect on our business, consolidated financial position or results of operations, no assurances can be given in this regard.

One of our subsidiaries and certain predecessor companies were named as defendants in an action filed by three plaintiffs in August 2001 in the Circuit Court of Lowndes County, Mississippi, asserting claims stemming from alleged environmental contamination caused by an automobile parts manufacturing plant located in Columbus, Mississippi. The plant was acquired by us as part of the UT Automotive acquisition in May 1999 and sold almost immediately thereafter, in June 1999, to Johnson Electric Holdings Limited (“Johnson Electric”). In December 2002, 61 additional cases were filed by approximately 1,000 plaintiffs in the same court against us and other defendants relating to similar claims. In September 2003, we were dismissed as a party to these cases. In the first half of 2004, we were named again as a defendant in these same 61 additional cases and were also named in five new actions filed by approximately 150 individual plaintiffs related to alleged environmental contamination from the same facility. The plaintiffs in these actions are persons who allegedly were either residents and/or owned property near the facility or worked at the facility. In November 2004, two additional lawsuits were filed by 28 plaintiffs (individuals and organizations), alleging property damage as a result of the alleged contamination. Each of these complaints seeks compensatory and punitive damages.

Most of the original plaintiffs have filed motions to dismiss their claims for health effects and personal injury damages; therefore, approximately three-fourths of the plaintiffs should be voluntarily dismissed from these lawsuits. Upon the completion of these dismissals, we anticipate that there will be approximately 300 plaintiffs remaining in the lawsuits to proceed with property damage claims only. There is the potential that the dismissed plaintiffs could seek separate counsel to re-file their personal injury claims. In March 2005, the venue for these lawsuits was transferred from Lowndes County, Mississippi, to Lafayette County, Mississippi. In April 2005, certain plaintiffs filed an amended complaint alleging negligence, nuisance, intentional tort and conspiracy claims and seeking compensatory and punitive damages. In late April 2005, the court scheduled the first trial date for the initial plaintiffs to commence in March 2006. Discovery continued during the third quarter and must be completed during the fourth quarter of 2005.

UTC, the former owner of UT Automotive, and Johnson Electric have each sought indemnification for losses associated with the Mississippi claims from us under the respective acquisition agreements, and we have claimed indemnification from them under the same agreements. To date, no company admits to, or has been found to have, an obligation to fully defend and indemnify any other. We intend to vigorously defend against these claims and believe that we will eventually be indemnified by either UTC or Johnson Electric for resulting losses, if any. However, the ultimate outcome of these matters is unknown.

Other Matters

In January 2004, the Securities and Exchange Commission (the “SEC”) commenced an informal inquiry into our September 2002 amendment of our 2001 Form 10-K. The amendment was filed to report our employment of relatives of certain of our directors and officers and certain related party transactions. The SEC’s inquiry does not relate to our consolidated financial statements. In February 2005, the staff of the SEC informed us that it proposed to recommend to the SEC that it issue an administrative “cease and desist” order as a result of our failure to disclose the related party transactions in question prior to the amendment of our 2001 Form 10-K. We expect to consent to the entry of the order as part of a settlement of this matter.

Prior to our acquisition of UT Automotive from UTC in May 1999, our subsidiary purchased the stock of a UT Automotive subsidiary. In connection with the acquisition, we agreed to indemnify UTC for certain tax consequences if the Internal Revenue Service (the “IRS”) overturned UTC’s tax treatment of the transaction. The IRS has proposed an adjustment to UTC’s tax treatment of the transaction seeking an increase in tax of approximately $88 million, excluding interest. A protest objecting to the proposed adjustment has been filed with the IRS. The case has now been referred to the Appeals Office of the IRS for an independent review. An indemnity payment by us to UTC for the ultimate amount due to the IRS would constitute an adjustment to the purchase price and resulting goodwill of the UT Automotive acquisition, if and when made, and would not be expected to have a material effect on our

reported earnings. We believe that valid support exists for UTC's tax positions and intend to vigorously contest the IRS's proposed adjustment. However, the ultimate outcome of this matter is not certain.

We are involved in certain other legal actions and claims arising in the ordinary course of business, including, without limitation, supplier disputes, intellectual property matters, personal injury claims, tax claims and employment matters. Although the outcome of any legal matter cannot be predicted with certainty, we do not believe that any of these other legal proceedings or matters in which we are currently involved, either individually or in the aggregate, will have a material adverse effect on our business, consolidated financial position or results of operations. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Factors — We are involved from time to time in legal proceedings and commercial or contractual disputes, which could have an adverse impact on our profitability and consolidated financial position," in our Annual Report on Form 10-K for the year ended December 31, 2004.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

As discussed in Part I – Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capitalization — Common Stock Repurchase Program," on November 11, 2004, the Board of Directors approved a new common stock repurchase program which replaced our prior program, as disclosed in our Current Report on Form 8-K dated November 11, 2004. A summary of the shares of our common stock repurchased during the quarter ended October 1, 2005, is shown below:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Program
July 3, 2005 through July 30, 2005	—	N/A	—	4,509,100
July 31, 2005 through August 27, 2005	—	N/A	—	4,509,100
August 28, 2005 through October 1, 2005	—	N/A	—	4,509,100
Total	—	N/A	—	4,509,100

ITEM 5 – OTHER INFORMATION

Earlier in 2005, Douglas G. DelGrosso was promoted to President and Chief Operating Officer of Lear and David C. Wajsgras was promoted to Executive Vice President and Chief Financial Officer. No salary adjustments for these executives were made at that time. In light of these promotions and the increased responsibilities of these executives, on November 10, 2005, the Compensation Committee ("Compensation Committee") of our Board of Directors approved an increase in the annual base salary of Mr. DelGrosso from $700,000 to $770,000 and of Mr. Wajsgras from $600,000 to $660,000, in each case effective December 1, 2005. Messrs. DelGrosso and Wajsgras, as well as certain other executives who were recently promoted, will also be awarded supplemental restricted stock units ("Supplemental RSUs") in lieu of any additional increase in base salary since the effective dates of their respective promotions through December 31, 2006. In connection with these actions, the Compensation Committee also approved an increase in the annual base salaries of certain other executives, including Daniel A. Ninivaggi, Lear's Senior Vice President, Secretary and General Counsel, whose base salary was increased from $445,000 to $500,000. Robert E. Rossiter, Lear's Chairman and Chief Executive Officer, and James H. Vandenberghe, Lear's Vice Chairman, declined any increase in their annual base salary levels.

On November 10, 2005, the Compensation Committee also approved the grant of restricted stock units ("RSUs") under the Company's Long-Term Stock Incentive Plan to certain officers and key employees, including: Mr. Rossiter, who was granted 16,875 RSUs; Mr. Vandenberghe, who was granted 9,375 RSUs; Mr. DelGrosso, who was granted 9,375 RSUs; Mr. Wajsgras, who was granted 6,750 RSUs; and Mr. Ninivaggi, who was granted 4,500 RSUs. The RSUs are subject to the Long-Term Stock Incentive Plan 2005 Restricted Stock Unit Terms and Conditions ("RSU Terms and Conditions"). The RSUs are converted into shares of our common stock on a one-for-one basis, net of taxes, on the respective vesting dates. One half of the RSUs will vest on the second anniversary of the grant date, and the remaining half vest on the fourth anniversary of the grant date, provided the recipient remains employed by Lear and certain other conditions are satisfied. Other terms are substantially the same as those

governing prior RSU awards and previously disclosed by Lear in its public filings. This summary of the RSU Terms and Conditions is qualified in its entirety by reference to the RSU Terms and Conditions, a copy of which is attached hereto as Exhibit 10.2 and incorporated by reference herein.

In order to increase the portion of total equity compensation that is performance-based, on November 10, 2005, the Compensation Committee also approved the grant of stock-settled stock appreciation rights ("SARs") under our Long-Term Stock Incentive Plan to certain of our officers and other senior management personnel, including: Mr. Rossiter, who was granted 151,875 SARs; Mr. Vandenberghe, who was granted 84,375 SARs; Mr. DelGrosso, who was granted 84,375 SARs; Mr. Wajsgras, who was granted 60,750 SARs; and Mr. Ninivaggi, who was granted 40,500 SARs. The SARs are subject to the Long-Term Stock Incentive Plan Stock Appreciation Rights Terms and Conditions ("SAR Terms and Conditions"), a summary of which follows.

The SARs entitle the employee, upon exercise, to receive shares of Lear common stock equal to the aggregate difference between the grant price of each exercised SAR and the fair market value of one share of common stock on the date the SAR is exercised. The grant price will be the average of the high and low trading prices of Lear's common stock on the New York Stock Exchange on November 10, 2005. One-third of the SARs will vest and become exercisable on each of the first three anniversaries of the grant date, provided the recipient remains employed by Lear and certain other conditions are satisfied. The SARs will expire seven years from the grant date, unless earlier exercised. If the employee retires after age 55 with 10 or more years of vesting service (as defined in Lear's Pension Plan), the employee will be deemed vested in the SARs that would have become vested during the 24 months following his or her retirement date and the employee will have 13 months from his or her retirement date to exercise the vested SARs. If the recipient's employment terminates due to death or disability, all SARs will immediately vest in full and the recipient (or his or her beneficiary) will have 13 months to exercise the vested SARs. Upon a termination of employment for any reason other than those described above, the recipeint will have 30 days from the termination date to exercise vested SARs. If a change in control (as defined in the Long-Term Stock Incentive Plan) of Lear occurs, all SARs will immediately vest in full. This summary of the SAR Terms and Conditions is qualified in its entirety by reference to the SARs Terms and Conditions, a copy of which is filed as Exhibit 10.3 hereto and incorporated by reference herein.

As described above, certain of our executive officers who were recently promoted, including Mr. Del Grosso and Mr. Wajsgras, will be awarded Supplemental RSUs in lieu of any additional increase in base salary since the effective dates of their promotions in 2005 through 2006. The Compensation Committee approved the grant of (i) Supplemental RSUs to Mr. DelGrosso in an amount equal to $289,792 divided by the fair market value of a share of Lear's common stock on January 3, 2006, the date of grant, and (ii) Supplemental RSUs to Mr. Wajsgras in an amount equal to $72,500 divided by the fair market value of a share of Lear's common stock on January 3, 2006. A recipient of Supplemental RSUs may elect, prior to the grant date, to have the value of the award credited to his or her account under Lear's management stock purchase plan in lieu of receiving the Supplemental RSUs. As of January 1, 2007, the base salary of each Supplemental RSU recipient will be increased by the annualized grant date value of his or her award. The Supplemental RSUs are subject to the Long-Term Stock Incentive Plan Supplemental RSU Terms and Conditions ("Supplemental RSU Terms and Conditions"), which are described below.

Like the RSUs, the Supplemental RSUs are converted into shares of our common stock, on a one-for-one basis, net of taxes, on the vesting date. Delivery of shares is made at the time of vesting. However, no opportunity to defer delivery of shares is available. All of the Supplemental RSUs vest on January 3, 2007, the first anniversary of the grant date. If the recipient's employment terminates prior to the vesting date, he or she will be entitled to receive the shares underlying one-twelfth of the Supplemental RSUs for each completed month between the grant date and the date of termination. Like the RSUs, the Supplemental RSUs are credited with dividend equivalents to an account established by Lear for bookkeeping purposes if and when the Board of Directors declares and pays a dividend on Lear's common stock. Such dividend equivalents are subject to the same vesting schedule as the associated Supplemental RSUs. Dividend equivalents are credited monthly with interest at an annual rate equal to the prime rate. If a change in control (as defined in the Long-Term Stock Incentive Plan) of Lear occurs, all Supplemental RSUs will immediately vest in full. This summary of the Supplemental RSU Terms and Conditions is qualified in its entirety by reference to the Supplemental RSU Terms and Conditions, a copy of which is attached hereto as Exhibit 10.4 and incorporated by reference herein.

ITEM 6 – EXHIBITS

The exhibits listed on the "Index to Exhibits" on page 51 are filed with this Form 10-Q or incorporated by reference as set forth below.

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LEAR CORPORATION

SIGNATURES

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

LEAR CORPORATION

Dated: November 10, 2005

By: /s/ Robert E. Rossiter
Robert E. Rossiter
Chairman and Chief Executive Officer

By: /s/ David C. Wajsgras
David C. Wajsgras
Executive Vice President and Chief Financial Officer

By: /s/ James L. Murawski
James L. Murawski
Vice President and Corporate Controller

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LEAR CORPORATION

INDEX TO EXHIBITS

Exhibit Number	
10.1	Amended and Restated Credit Agreement, dated as of August 11, 2005, among Lear Corporation, Lear Canada, each Foreign Subsidiary Borrower (as defined therein), the Lenders party thereto, Bank of America, N.A., as syndication agent, Citibank, N.A. and Deutsche Bank Securities Inc., as documentation agents, The Bank of Nova Scotia, as documentation agent and Canadian Administrative Agent, the other Agents named therein and JPMorgan Chase Bank, N.A., as General Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 12, 2005).
[1,2] 10.2	Long-Term Stock Incentive Plan 2005 Restricted Stock Unit Terms and Conditions
[1,2] 10.3	Long-Term Stock Incentive Plan Stock Appreciation Rights Terms and Conditions
[1,2] 10.4	Long-Term Stock Incentive Plan Supplemental Restricted Stock Unit Terms and Conditions
[1,2] 10.5	Employment Agreement, dated March 15, 2005, between Lear Corporation and Paul Joseph Zimmer
[1,2] 10.6	Employment Agreement, dated March 15, 2005, between Lear Corporation and Raymond E. Scott
[1] 31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
[1] 31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
[1] 32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
[1] 32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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1 Filed herewith.

2 Compensatory plan or arrangement.

EXHIBIT 10.2

LEAR CORPORATION
LONG-TERM STOCK INCENTIVE PLAN

2005 RESTRICTED STOCK UNIT TERMS AND CONDITIONS

1. Definitions. Any term capitalized herein but not defined will have the meaning set forth in the Plan.

2. Grant and Vesting of Restricted Stock Units.

(a) As of the Grant Date specified in the letter that accompanies this document, the Employee will be credited with the number of Restricted Stock Units set forth in the letter that accompanies this document. Each Restricted Stock Unit is a notional amount that represents one unvested share of Common Stock, $0.01 par value, of the Company (the "Common Stock"). Each Restricted Stock Unit constitutes the right, subject to the terms and conditions of the Plan and this document, to distribution of a Share if and when the Restricted Stock Unit vests. If the Employee's employment with the Company and all of its Affiliates terminates before the date that all of the Restricted Stock Units vest, his or her right to receive the Shares underlying unvested Restricted Stock Units will be only as provided in Section 4.

(b) One-half of the Restricted Stock Units will vest on the second anniversary of the Grant Date, and the remaining half will vest on the fourth anniversary of the Grant Date. Notwithstanding anything contained herein to the contrary, the right (whether or not vested) of an Employee to receive Shares underlying a Restricted Stock Unit will be forfeited (and the Company will have the right to recover any Shares already received by the Employee) if the Committee determines, in its sole discretion, that (i) the Employee has entered into a business or employment relationship that is detrimentally competitive with the Company or substantially injurious to the Company's financial interests; (ii) the Employee has been discharged from employment with the Company or an Affiliate for Cause; or (iii) the Employee has performed acts of willful malfeasance or gross negligence in a matter of material importance to the Company or an Affiliate.

3. Rights as a Stockholder.

(a) Unless and until a Restricted Stock Unit has vested and the Share underlying it has been distributed to the Employee, the Employee will not be entitled to vote that Share.

(b) If the Company declares a cash dividend on its common stock, then, on the payment date of the dividend, the Employee will be credited with dividend equivalents equal to the amount of cash dividend per share multiplied by the number of Restricted Stock Units credited to the Employee through the record date. The dollar amount credited to an Employee under the preceding sentence will be credited to an account ("Account") established for the Employee for bookkeeping purposes only on the books of the Company. The amounts credited

to the Account will be credited as of the last day of each month with interest, compounded monthly, until the amount credited to the Account is paid to the Employee. The rate of interest credited under the previous sentence will be the prime rate of interest as reported by the Midwest edition of the Wall Street Journal for the second business day of each quarter on an annual basis. The balance in the Account will be subject to the same terms regarding vesting and forfeiture as the Employee's Restricted Stock Units awarded under the accompanying letter and this document, and will be paid in cash in a single sum at the time that the Shares associated with the Employee's Restricted Stock Units are delivered (or forfeited at the time that the Employee's Restricted Stock Units are forfeited).

4. Termination of Employment. Subject to the forfeiture provisions of clause 2(b) above, an Employee's right to receive the Shares underlying his or her Restricted Stock Units after termination of his or her employment will be only as follows:

(a) End of Service. If the Employee experiences an End of Service Date, the Employee will be entitled to receive the Shares underlying any Restricted Stock Units that have then vested. In addition, the Employee will be entitled to receive the Shares underlying the number of Restricted Stock Units, if any, that have not yet vested but would have vested under Section 2 if the Employee's End of Service Date had been 24 months following his actual End of Service Date. The Employee will forfeit the right to receive Shares underlying any Restricted Stock Units that have not yet vested or would not have vested in the next 24 months as described in the preceding sentence. The Employee's "End of Service Date" is the date of his or her retirement after attaining age 55 and completing ten years of service (as defined in the Lear Corporation Pension Plan, regardless of whether the Employee participates in such plan).

(b) Disability or Death. If an Employee's employment with the Company and all of its Affiliates terminates due to Disability (as determined by the Company or its agent) or death, the Employee or the Employee's beneficiary under the Plan will be entitled to receive the Shares underlying all of the Restricted Stock Units, including both those that have already vested and those that have not yet vested under Section 2 above.

(c) Other Termination of Employment. If an Employee's employment with the Company and all Affiliates terminates due to any reason other than those provided in clauses 4(a) or (b), the Employee or his or her estate (in the event of his or her death after termination) will forfeit the right to receive Shares underlying any Restricted Stock Units that have not yet vested, but will be entitled to receive Shares underlying any Restricted Stock Units that, at that time, will have become vested.

5. Timing and Form of Payment. Except as provided in this Section or in clause 2(b) or Section 4, once a Restricted Stock Unit vests, the Employee will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible after its associated Restricted Stock Unit vests or at the later date elected by the Employee under Section 6. Shares will be credited to an account established for the benefit of the Employee with the Company's administrative agent. The Employee will have full legal and beneficial ownership with respect to the Shares at that time.

6. Election to Defer. The Employee may elect to defer delivery of any or all Shares due to him or her under the Award described in this document (and any balance in his Account under clause 3(b)) to a date beyond their vesting date, by making a timely deferral election. In his or her election to defer, the Employee may choose between deferral to a particular calendar year, or to the year following his or her termination of employment, but in no event may the Employee defer delivery of a Share more than ten years beyond the date the Restricted Stock Unit underlying it is due to vest under Section 2 above. If an Employee's employment with the Company and all Affiliates terminates for any reason other than an End of Service Date before the calendar year specified in a deferral election, he or she will be deemed to have elected to defer delivery to the calendar year following his or her termination of employment. In addition, if the Employee dies while employed with the Company or any Affiliate, any Shares remaining to be paid in respect of this Award will be paid to his or her beneficiary designated under the Plan as soon as practicable, regardless of any outstanding election to defer. Shares whose receipt is deferred under this Section 6 will be delivered on or about March 15 of the year to which they were deferred. An election to defer will be considered timely only if it is filed at least one year and one day in advance of the date the Restricted Stock Units subject to the deferral will vest and the Employee remains employed by the Company or an Affiliate for such period of a year and one day. Notwithstanding anything in this Section 6 to the contrary, an election to defer hereunder shall comply with the requirements of Section 409A of the Code or it will not be a valid election.

7. Assignment and Transfers. The Employee may not assign, encumber or transfer any of his or her rights and interests under the Award described in this document, except, in the event of his or her death, by will or the laws of descent and distribution.

8. Withholding Tax. The Company and any Affiliate will have the right to retain Shares or cash that are distributable to the Employee hereunder to the extent necessary to satisfy any withholding taxes, whether federal or state, triggered by the distribution of Shares or cash pursuant to the Award reflected in this document.

9. Securities Law Requirements.

(a) The Restricted Stock Units are subject to the further requirement that, if at any time the Committee determines in its discretion that the listing or qualification of the Shares subject to the Restricted Stock Units under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the issuance of Shares under it, then Shares will not be issued under the Restricted Stock Units, unless the necessary listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee.

(b) No person who acquires Shares pursuant to the Award reflected in this document may, during any period of time that person is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933 (the "1933 Act")) sell the Shares, unless the offer and sale is made pursuant to (i) an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) an appropriate exemption from the registration

requirements of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act. With respect to individuals subject to Section 16 of the Exchange Act, transactions under this Award are intended to comply with all applicable conditions of Rule 16b-3, or its successors under the Exchange Act. To the extent any provision of the Award or action by the Committee fails to so comply, the Committee may determine, to the extent permitted by law, that the provision or action will be null and void.

10. No Limitation on Rights of the Company. The grant of the Award described in this document will not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

11. Plan, Restricted Stock Units and Award Not a Contract of Employment. Neither the Plan, the Restricted Stock Units nor any other right or interest that is part of the Award reflected in this document is a contract of employment, and no terms of employment of the Employee will be affected in any way by the Plan, the Restricted Stock Units, the Award, this document or related instruments, except as specifically provided therein. Neither the establishment of the Plan nor the Award will be construed as conferring any legal rights upon the Employee for a continuation of employment, nor will it interfere with the right of the Company or any Affiliate to discharge the Employee and to treat him or her without regard to the effect that treatment might have upon him or her as an Employee.

12. Employee to Have No Rights as a Stockholder. Except as provided in Section 3 above, the Employee will have no rights as a stockholder with respect to any Shares subject to the Restricted Stock Units prior to the date on which he or she is recorded as the holder of those Shares on the records of the Company.

13. Notice. Any notice or other communication required or permitted hereunder must be in writing and must be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice will be deemed given when so delivered personally or, if mailed, three days after the date of deposit in the United States mail, in the case of the Company to 21557 Telegraph Road, P. O. Box 5008, Southfield, Michigan, 48086-5008, Attention: General Counsel and, in the case of the Employee, to the last known address of the Employee in the Company's records.

14. Governing Law. This document and the Award will be construed and enforced in accordance with, and governed by, the laws of the State of Michigan, determined without regard to its conflict of law rules.

15. Plan Document Controls. The rights granted under this Restricted Stock Unit document are in all respects subject to the provisions of the Plan to the same extent and with the same effect as if they were set forth fully therein. If the terms of this document or the Award conflict with the terms of the Plan document, the Plan document will control.

EXHIBIT 10.3

LEAR CORPORATION
LONG-TERM STOCK INCENTIVE PLAN

STOCK APPRECIATION RIGHTS TERMS AND CONDITIONS

1. Definitions. Any term capitalized herein but not defined will have the meaning set forth in the Plan.

2. Term, Vesting and Exercise of the SAR.

(a) If the Employee remains employed by the Company, the SAR will expire seven years from the Grant Date. If the Employee terminates employment with the Company before the seventh anniversary of the Grant Date, his or her right to exercise the SAR after termination of his or her employment will be only as provided in Section 3.

(b) The SAR will vest and become exercisable as to one-third of the Shares to which the SAR relates on each of the first three anniversaries of the Grant Date. Notwithstanding the foregoing, upon the Employee's death or Disability, the SAR will vest and become exercisable as to all of the Shares to which the SAR relates. If the Employee experiences an End of Service Date, the SAR will vest as to those Shares underlying the SAR, if any, that have not yet vested but would have vested hereunder if the Employee's End of Service Date had been 24 months following his actual End of Service Date. The Employee will forfeit that portion of the SAR which has not yet vested or would not have vested in the next 24 months as described in the preceding sentence. Notwithstanding anything contained herein to the contrary, the right (whether or not vested) of an Employee to exercise the SAR will be forfeited if the Committee determines, in its sole discretion, that (i) the Employee has entered into a business or employment relationship which is detrimentally competitive with the Company or substantially injurious to the Company's financial interests; (ii) the Employee has been discharged from employment with the Company or an Affiliate for Cause; or (iii) the Employee has performed acts of willful malfeasance or gross negligence in a matter of material importance to the Company or an Affiliate.

(c) The SAR may be exercised by written notice to the Company indicating the number of Shares to which the SAR relates being exercised. When the SAR is vested and exercisable, it may be exercised in whole at any time or in part from time to time as to any or all full Shares under the SAR. Notwithstanding the foregoing, the SAR may not be exercised for fewer than 100 Shares at any one time or, if fewer, all the Shares that are then subject to the SAR.

(d) Any amount due to the Employee upon exercise of the SAR will be paid in Shares. The number of Shares delivered to Employee upon exercise of the SAR will be based on the amount, if any, by which the Fair Market Value of a Share on the date of exercise exceeds the grant price ("Grant Price") of the SAR. The Employee will not receive a distribution of Shares if the Fair Market Value on the date of exercise does not exceed the Grant Price. The

Employee's distribution of Shares upon exercise of the SAR will be calculated by dividing (x) the aggregate dollar difference between the Fair Market Value of a Share on the date of exercise and the Grant Price for all SAR's so exercised by (y) the Fair Market Value of a Share on the date of exercise; provided, that the amount of Shares delivered to Employee shall be subject to any minimum withholding as specified in clause 4 hereof. Notwithstanding the foregoing, the Employee may not receive a distribution of more Shares than he or she was granted in the Award.

3. Termination of Employment. Subject to the forfeiture provisions in clause 2(b) above, an Employee's right to exercise the SAR after termination of his or her employment will be only as follows:

(a) End of Service. If the Employee experiences an End of Service Date, the SAR will vest, in accordance with Section 2(b) hereof, as to those Shares underlying the SAR, if any, that have not yet vested but would have vested hereunder if the Employee's End of Service Date had been 24 months following his actual End of Service Date, and the Employee will have the right for thirteen months following his or her End of Service Date (but not later than the date on which the SAR would otherwise expire), to exercise the SAR. However, if the Employee dies prior to the end of the thirteen-month period after the End of Service Date, his or her estate will have the right to exercise the SAR within thirteen months following the Employee's End of Service Date (but not later than the date on which the SAR would otherwise expire). The Employee's "End of Service Date" is the date of his or her retirement after attaining age 55 and completing ten years of service (as defined in the Lear Corporation Pension Plan, regardless of whether the Employee participates in such plan).

(b) Disability or Death. If an Employee's employment terminates due to Disability or death, the SAR will immediately vest and become exercisable as to all Shares to which the SAR relates, and the Employee (or in the case of death, the Employee's estate) will have the right for a period of thirteen months following the date of the termination (but not later than the date on which the SAR would otherwise expire) to exercise the SAR.

(c) Other Termination. In the case of an Employee who terminates employment for any reason other than those provided in clauses 3(a) or (b), the Employee or his or her estate (in the event of his or her death after the Employee's termination): (i) may, within the 30-day period following the termination, exercise the SAR to the extent that it was vested and exercisable on the date his or her employment terminated; and (ii) will forfeit the SAR to the extent that it was not vested and exercisable on the date his or her employment terminated.

4. Medium and Time of Payment. Any withholding tax, up to the minimum withholding requirement for supplemental wages may be paid with Shares issueable to the Employee upon exercise under this SAR. Shares used to satisfy any minimum required withholding tax will be valued at their Fair Market Value as of the date of exercise.

5. Transferability of SAR and Shares Acquired Upon Exercise of SAR. This SAR is transferable only by will or the laws of descent and distribution, or pursuant to a domestic relations order (as defined in Code Section 414(p)). The SAR will be exercisable during the Employee's lifetime only by the Employee or by his or her guardian or legal representative. The Committee may, in its discretion, require a guardian or legal representative to supply it with evidence the Committee deems necessary to establish the authority of the guardian or legal representative to exercise the SAR on behalf of the Employee. Except as limited by applicable securities laws and the provisions of Section 6 hereof, Shares acquired upon exercise of this SAR will be freely transferable.

6. Securities Law Requirements.

(a) If required by the Company, the notice of exercise of the SAR must be accompanied by the Employee's written representation: (i) that the stock being acquired is purchased for investment and not for resale or with a view to its distribution; (ii) acknowledging that the stock has not been registered under the Securities Act of 1933, as amended (the "1933 Act"); and (iii) agreeing that the stock may not be sold or transferred unless either there is an effective Registration Statement for it under the 1933 Act, or in the opinion of counsel for the Company, the sale or transfer will not violate the 1933 Act. This SAR will not be exercisable in whole or in part, nor will the Company be obligated to sell or issue any Shares subject to the SAR, if exercise and sale (or issuance) may, in the opinion of counsel for the Company, violate the 1933 Act (or other federal or state statutes having similar requirements), as it may be in effect at that time, or cause the Company to violate the terms of Section 4.1 of the Plan.

(b) The SAR is subject to the further requirement that, if at any time the Committee determines in its discretion that the registration, listing or qualification of the Shares subject to the SAR under any federal securities law, securities exchange requirements or under any other applicable law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the granting of the SAR or the issuance of Shares under it, the SAR may not be exercised in whole or in part, unless the necessary registration, listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee.

(c) No person who acquires Shares pursuant to this SAR may, during any period of time that person is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the 1933 Act) sell the Shares, unless the offer and sale is made pursuant to (i) an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) an appropriate exemption from the registration requirements of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act. With respect to individuals subject to Section 16 of the Exchange Act, transactions under this SAR are intended to comply with all applicable conditions of Rule 16b-3, or its successors under the Exchange Act. To the extent any provision of the SAR or action by the Committee fails to so comply, the Committee may determine, to the extent permitted by law, that the provision or action will be null and void.

7. No Obligation to Exercise SAR. The granting of the SAR imposes no obligation upon the Employee (or upon a transferee of an Employee) to exercise the SAR.

8. No Limitation on Rights of the Company. The grant of the SAR will not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

9. Plan and SAR Not a Contract of Employment. Neither the Plan nor this SAR is a contract of employment, and no terms of employment of the Employee will be affected in any way by the Plan, this SAR or related instruments except as specifically provided therein. Neither the establishment of the Plan nor this SAR will be construed as conferring any legal rights upon the Employee for a continuation of employment, nor will it interfere with the right of the Company or any Affiliate to discharge the Employee and to treat him or her without regard to the effect that treatment might have upon him or her as an Employee.

10. Employee to Have No Rights as a Stockholder. The Employee will have no rights as a stockholder with respect to any Shares subject to the SAR prior to the date on which he or she is recorded as the holder of those Shares on the records of the Company.

11. No Deferral Rights. Notwithstanding anything in Article 12 of the Plan to the contrary, there shall be no deferral of payment, delivery or receipt of any amounts hereunder.

12. Notice. Any notice or other communication required or permitted hereunder must be in writing and must be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice will be deemed given when so delivered personally or, if mailed, three days after the date of deposit in the United States mail, in the case of the Company to 21557 Telegraph Road, P. O. Box 5008, Southfield, Michigan, 48086-5008, Attention: General Counsel and, in the case of the Employee, to the last known address of the Employee in the Company's records.

13. Governing Law. This document and the SAR will be construed and enforced in accordance with, and governed by, the laws of the State of Delaware, determined without regard to its conflict of law rules.

14. Plan Document Controls. The rights granted under this SAR document are in all respects subject to the provisions of the Plan to the same extent and with the same effect as if they were set forth fully herein. If the terms of this document or the SAR conflict with the terms of the Plan document, the Plan document will control.

EXHIBIT 10.4

LEAR CORPORATION
LONG-TERM STOCK INCENTIVE PLAN

SUPPLEMENTAL RESTRICTED STOCK UNIT TERMS AND CONDITIONS

1. Definitions. Any term capitalized herein but not defined will have the meaning set forth in the Plan.

2. Grant and Vesting of Restricted Stock Units.

(a) As of the Grant Date specified in the letter that accompanies this document, the Employee will be credited with the number of Restricted Stock Units set forth in the letter that accompanies this document. Each Restricted Stock Unit is a notional amount that represents one unvested share of Common Stock, $0.01 par value, of the Company (the "Common Stock"). Each Restricted Stock Unit constitutes the right, subject to the terms and conditions of the Plan and this document, to distribution of a Share if and when the Restricted Stock Unit vests. If the Employee's employment with the Company and all of its Affiliates terminates before the date that all of the Restricted Stock Units vest, his or her right to receive the Shares underlying unvested Restricted Stock Units will be only as provided in Section 4.

(b) Subject to Section 4, the Restricted Stock Units will vest on the first anniversary of the Grant Date.

3. Rights as a Stockholder.

(a) Unless and until a Restricted Stock Unit has vested and the Share underlying it has been distributed to the Employee, the Employee will not be entitled to vote that Share.

(b) If the Company declares a cash dividend on its common stock, then, on the payment date of the dividend, the Employee will be credited with dividend equivalents equal to the amount of cash dividend per share multiplied by the number of Restricted Stock Units credited to the Employee through the record date. The dollar amount credited to an Employee under the preceding sentence will be credited to an account ("Account") established for the Employee for bookkeeping purposes only on the books of the Company. The amounts credited to the Account will be credited as of the last day of each month with interest, compounded monthly, until the amount credited to the Account is paid to the Employee. The rate of interest credited under the previous sentence will be the prime rate of interest as reported by the Midwest edition of the Wall Street Journal for the second business day of each quarter on an annual basis. The balance in the Account will be subject to the same terms regarding vesting and forfeiture as the Employee's Restricted Stock Units awarded under the accompanying letter and this document, and will be paid in cash in a single sum at the time that the Shares associated with the Employee's Restricted Stock Units are delivered (or forfeited at the time that the Employee's Restricted Stock Units are forfeited).

4. Termination of Employment. Subject to the forfeiture provisions of clause 2(b) above, if an Employee's employment with the Company shall terminate for any reason, the Employee (or his or her beneficiary under the Plan) will be entitled to receive the Shares underlying one-twelfth of the Restricted Stock Units for every completed month between the Grant Date and the date of termination.

5. Timing and Form of Payment. Except as provided in this Section or in clause 2(b) or Section 4, once a Restricted Stock Unit vests, the Employee will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible after its associated Restricted Stock Unit vests. Shares will be credited to an account established for the benefit of the Employee with the Company's administrative agent. The Employee will have full legal and beneficial ownership with respect to the Shares at that time.

6. [reserved]

7. Assignment and Transfers. The Employee may not assign, encumber or transfer any of his or her rights and interests under the Award described in this document, except, in the event of his or her death, by will or the laws of descent and distribution.

8. Withholding Tax. The Company and any Affiliate will have the right to retain Shares or cash that are distributable to the Employee hereunder to the extent necessary to satisfy any withholding taxes, whether federal or state, triggered by the distribution of Shares or cash pursuant to the Award reflected in this document.

9. Securities Law Requirements.

(a) The Restricted Stock Units are subject to the further requirement that, if at any time the Committee determines in its discretion that the listing or qualification of the Shares subject to the Restricted Stock Units under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the issuance of Shares under it, then Shares will not be issued under the Restricted Stock Units, unless the necessary listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee.

(b) No person who acquires Shares pursuant to the Award reflected in this document may, during any period of time that person is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933 (the "1933 Act")) sell the Shares, unless the offer and sale is made pursuant to (i) an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) an appropriate exemption from the registration requirements of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act. With respect to individuals subject to Section 16 of the Exchange Act, transactions under this Award are intended to comply with all applicable conditions of Rule 16b-3, or its successors under the Exchange Act. To the extent any provision of the Award or action by the Committee fails to so comply, the Committee may determine, to the extent permitted by law, that the provision or action will be null and void.

10. No Limitation on Rights of the Company. The grant of the Award described in this document will not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

11. Plan, Restricted Stock Units and Award Not a Contract of Employment. Neither the Plan, the Restricted Stock Units nor any other right or interest that is part of the Award reflected in this document is a contract of employment, and no terms of employment of the Employee will be affected in any way by the Plan, the Restricted Stock Units, the Award, this document or related instruments, except as specifically provided therein. Neither the establishment of the Plan nor the Award will be construed as conferring any legal rights upon the Employee for a continuation of employment, nor will it interfere with the right of the Company or any Affiliate to discharge the Employee and to treat him or her without regard to the effect that treatment might have upon him or her as an Employee.

12. Employee to Have No Rights as a Stockholder. Except as provided in Section 3 above, the Employee will have no rights as a stockholder with respect to any Shares subject to the Restricted Stock Units prior to the date on which he or she is recorded as the holder of those Shares on the records of the Company.

13. Notice. Any notice or other communication required or permitted hereunder must be in writing and must be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice will be deemed given when so delivered personally or, if mailed, three days after the date of deposit in the United States mail, in the case of the Company to 21557 Telegraph Road, P. O. Box 5008, Southfield, Michigan, 48086-5008, Attention: General Counsel and, in the case of the Employee, to the last known address of the Employee in the Company's records.

14. Governing Law. This document and the Award will be construed and enforced in accordance with, and governed by, the laws of the State of Michigan, determined without regard to its conflict of law rules.

15. Plan Document Controls. The rights granted under this Restricted Stock Unit document are in all respects subject to the provisions of the Plan to the same extent and with the same effect as if they were set forth fully therein. If the terms of this document or the Award conflict with the terms of the Plan document, the Plan document will control.

EXHIBIT 10.5

[LEAR CORPORATION LOGO]

March 15, 2005

Mr. P. Joseph Zimmer
20327 Woodhill Drive
Northville, MI 48167

Dear Joe:

Lear Corporation (the "Company") considers it essential to its best interest and the best interests of its stockholders to foster the continued 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. The Board recognizes that, as is the case with many publicly-held companies, the possibility of a Change in Control (as that term is hereafter defined) exists. The Company wishes to assure itself of both present and future continuity of management in the event of any Change in Control. 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 AND REPLACEMENT OF PRIOR LETTER AGREEMENT. This Agreement shall commence as of March 15, 2005 ("Effective Date"). The initial term of this Agreement shall be three (3) years from the Effective Date. Commencing on the first anniversary of the Effective Date, the term of this Agreement shall at all times be two (2) years, that is, the term of this Agreement shall be automatically extended each day for an additional day such that this Agreement shall continually have an unexpired term of two (2) years, until the date two (2) years after written notice is provided by either the Company or the Executive that this Agreement is not to be further extended (a "Notice of Non-Renewal"), the date set forth in a Notice of Termination provided pursuant to Section 4, the date of the Executive's death, or the date the Executive reaches his or her normal retirement date under the Lear Corporation Pension Plan or its successor, whichever shall first occur (the initial term as so extended is referred to herein as the "Term"). This Agreement replaces the prior letter agreement ("Prior Agreement") between the Company and you,

dated July 5, 2000. The Prior Agreement shall terminate upon execution of this Agreement. In consideration of the termination of the Prior Agreement, the Company is continuing your employment on the terms set forth in this Agreement, will pay you $5,000 in cash upon the execution of this Agreement and is providing you other good and valid consideration by entering into this Agreement, the receipt and sufficiency of which consideration you hereby acknowledge by executing this Agreement.

2. TERMS OF EMPLOYMENT. During the Term, you agree to be a full-time employee of the Company serving initially in the position of President, IPD of the Company. You agree to devote substantially all of your working time and attention to the business and affairs of the Company, to discharge the responsibilities associated with your position with the Company, and to use your best efforts to perform faithfully and efficiently such responsibilities. In addition, you agree to serve in such other or different capacities or offices to which you may be assigned, appointed or elected from time to time by the Company. 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 that do not compete with the Company, or managing personal investments, as long as the foregoing do not interfere with the performance of your duties hereunder or violate the terms of the Company's Code of Business Ethics and Conduct, the Company's Corporate Governance Guidelines, or other policies applicable to the Company's executives generally, as those policies may be amended from time to time by the Company.

3. COMPENSATION.

(a) As compensation for your services, under this Agreement, you shall be entitled during the Term to receive an initial base salary the annualized amount of which shall be $460,000*, to be paid in accordance with existing payroll practices for executives of the Company. Increases in your base salary, if any, shall be as approved by the Compensation Committee of the Board. In addition, you shall be eligible to receive an annual incentive compensation bonus ("Bonus") to be approved from time to time by the Compensation Committee of the Board.

(b) During the Term, you shall be eligible for participation in the welfare, retirement, perquisite and fringe benefit, and other benefit plans, practices, policies and programs, as may be in effect from time to time, for senior executives of the Company generally.

(c) During the Term, you shall be eligible for prompt reimbursement for business expenses reasonably incurred by you in accordance with the Company's policies, as may be in effect from time to time, for its senior executives generally.

4. TERMINATION OF EMPLOYMENT.

(a) NOTICE. You or the Company may terminate the employment relationship by giving a Notice of Non-Renewal, as described in Section 1. Alternatively, the employment relationship

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* effective December 1, 2005

may be terminated by the Company with or without Cause, by the Company for Incapacity, or by you with or without Good Reason, all as defined below, by giving a Notice of Termination. 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. All notices under this Section 4(a) shall be given in accordance with the requirements of Section 9.

(b) INCAPACITY. If the Company reasonably determines that you are unable at any time to perform the duties of your position because of a serious illness, injury, impairment, or physical or mental condition and you are not eligible for or have exhausted all leave to which you may be entitled under the Family and Medical Leave Act ("FMLA") or, if more generous, other applicable state or local law, the Company may terminate your employment for "Incapacity". In addition, at any time that you are on a leave of absence, the Company may temporarily reassign the duties of your position to one or more other executives without creating a basis for your Good Reason resignation, provided that the Company restores such duties to you upon your return to work.

(c) CAUSE. Termination of your employment for "Cause" shall mean termination upon:

(i) an act of fraud, embezzlement or theft by you in connection with your duties or in the course of your employment with the Company;

(ii) your material breach of any provision of this Agreement, provided that in those instances in which your material breach is capable of being cured, you have failed to cure within a thirty (30) day period after notice from the Company;

(iii) an act or omission, which is (x) willful or grossly negligent, (y) contrary to established policies or practices of the Company, and (z) materially harmful to the business or reputation of the Company, or to the business of the Company's customers or suppliers as such relate to the Company; or

(iv) a plea of nolo contendere to, or conviction for, a felony.

(d) GOOD REASON. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances or events:

(i) any reduction by the Company in your base salary or adverse change in the manner of computing your Bonus, as in effect from time to time, except for across-the-board salary reductions or changes to the manner of computing bonuses similarly affecting all executive officers of the Company subject to Section 16(b) of the Securities Exchange Act of 1934, as determined by the Board ("executive officers");

(ii) the failure by the Company to pay or provide to you 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;

(iii) except in the case of across-the-board reductions, deferrals, eliminations, or plan modifications similarly affecting all executive officers, the failure by the Company to continue to provide you with benefits substantially similar in the 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;

(iv) without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company.

However, the language in Sections 4(d)(i) through (iii) concerning reductions, changes, deferrals, eliminations, or plan modifications similarly affecting all executive officers of the Company shall not be applicable to circumstances or events occurring in anticipation of, or within one year after, a Change in Control, as defined in Section 4(e). In addition, upon a Change in Control, you shall have the right to resign for Good Reason if your principal place of employment is transferred to a location fifty (50) or more miles from its location immediately preceding the transfer.

Notwithstanding anything else herein, Good Reason shall not exist if, with regard to the circumstances or events relied upon in your Notice of Termination: (x) you failed to provide a Notice of Termination to the Company within sixty (60) days of the date you knew or should have known of such circumstances or events, (y) the circumstances or events are fully corrected by the Company prior to the Date of Termination, or (z) you give your express written consent to the circumstances or events.

(e) CHANGE IN CONTROL. For purposes of this Agreement, a "Change in Control" of the Company shall be deemed to have occurred as of the first day any one or more of the following paragraphs is satisfied:

(i) any Person as that term is used in Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Company or a trustee or other fiduciary holding securities under an employee benefit plan of the Company, or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company) becomes the Beneficial Owner, as that term is defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act, directly or indirectly, of securities of the Company, representing more than twenty percent of the combined voting power of the Company's then outstanding securities.

(ii) during any period of twenty-six consecutive months beginning on or after the Effective Date, individuals who at the beginning of the period constituted the Board cease

for any reason (other than death, disability or voluntary retirement) to constitute a majority of the Board. For this purpose, any new Director whose election by the Board, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the Directors then still in office, and who either were Directors at the beginning of the period or whose election or nomination for election was so approved, will be deemed to have been a Director at the beginning of any twenty-six month period under consideration.

(iii) the shareholders of the Company approve: (A) a plan of complete liquidation or dissolution of the Company; or (B) an agreement for the sale or disposition of all or substantially all the Company's assets; or (C) a merger, consolidation or reorganization of the Company with or involving any other corporation, other than a merger, consolidation or reorganization that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least eighty percent of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger, consolidation, or reorganization.

(f) DATE OF TERMINATION. "Date of Termination" shall mean

(i) if your employment is terminated by reason of your death, the date of your death;

(ii) if your employment is terminated by the Company for any reason other than because of your death, the date specified in the Notice of Termination (which shall not be prior to the date of the notice);

(iii) if your employment is terminated by you for any reason, the Date of Termination shall be not less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given, or such earlier date after the date such Notice of Termination is given 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.

(g) EMPLOYEE BENEFITS. A termination by the Company pursuant to Section 4(c) hereof or by you pursuant to Section 4(d) hereof shall not affect any rights which you may have pursuant to any other agreement, policy, plan, program or arrangement of the Company providing employee benefits, which rights shall be governed by the terms thereof and by Section 5; provided, however, that if you shall have received or shall be receiving benefits under Section 5(a), (c), or (d) hereof and, if applicable, Section 6 hereof, you shall not be entitled to receive benefits under any other policy, plan, program or arrangement of the Company providing severance compensation to which you would otherwise be entitled.

5. COMPENSATION UPON TERMINATION. Upon your termination of employment, you shall receive:

(a) If your employment shall be terminated by the Company for Incapacity, (i) for the period from the Date of Termination until the end of the calendar year in which such termination occurs, you shall receive 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 from all sources equals your base salary, at the rate in effect on the Date of Termination, plus any Bonus and all other amounts to which you would have been entitled under any compensation or benefit plans of the Company had your employment continued until the end of the calendar year, (ii) for the period from the end of the calendar year in which such termination occurs until two (2) years from the Date of Termination (the "Payment End Date"), you shall receive 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 from all sources equals your base salary at the rate in effect on the Date of Termination, and (iii) for purposes of outstanding awards and amounts owing or accrued as described in Section 5(d)(iii) of this Agreement, your employment shall be deemed to have been terminated due to your Disability (as that term is defined in the plans, programs, or arrangements described in Section 5(d)(iii) of this Agreement). After the Payment End Date, 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. The additional payments by the Company described in this Section 5(a) shall be conditioned upon the execution by you or a representative with legal authority to act on your behalf of a general release relating to your employment in form and substance reasonably acceptable to the Company.

(b) If your employment shall be terminated (i) by the Company for Cause or by a Notice of Non-Renewal, or (ii) by you other than for Good Reason, the Company shall pay you your 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 fully vested and irrevocably entitled under any compensation or benefit plans of the Company as of the Date of Termination, and the Company shall have no further obligations in any respect whatsoever for payment of compensation or benefits to you under this Agreement. Provided, however, that if your employment is terminated by you other than for Good Reason, you shall be compensated under this Section 5(b) only to the extent that you actively performed your assigned responsibilities through the Date of Termination. In addition, you acknowledge that a termination of employment described in this Section 5(b) shall not be considered an End of Service Date for any and all outstanding stock options to which you are a party, except to the extent it would otherwise qualify as a Retirement thereunder.

(c) 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 base salary through the Date of Termination, plus a Bonus 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, including, but not limited to, all life insurance proceeds payable on your death to which your estate or beneficiaries are otherwise entitled in accordance with the terms thereof, and the Company shall have no further obligation to you, your beneficiaries or your estate under this Agreement.

(d) If your employment shall be terminated (a) by the Company, except for a termination by the Company for Cause or Incapacity or by a Notice of Non-Renewal (or due to your death), or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(i) 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 at any time within 90 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, a Bonus prorated for the portion of the Bonus measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided below.

(ii) Conditioned upon your execution of a general release relating to your employment in form and substance reasonably acceptable to the Company, the Company shall pay or cause to be paid to you, in lieu of any further payments to you for the portion of the Term subsequent to the Termination Date an amount (the "Severance Payment"), which shall be equal to the sum of:

(A) the aggregate base salary (at the highest rate in effect at any time during the Term) which you would have received pursuant to this Agreement for the Severance Period had your employment with the Company continued for such period, and

(B) the aggregate Bonus (based upon the highest annual Bonus that you received with respect to any calendar year during the two years immediately preceding the calendar year in which the Termination Date occurred, or, in the event that the Termination Date occurs prior to the first anniversary of the Effective Date, then based upon the highest annual Bonus that you received with respect to any calendar year during the three years immediately preceding the calendar year in which the Termination Date occurred) which you would have received pursuant to this Agreement for the Severance Period, had your employment with the Company continued for such period.

The Severance Payment shall be paid over a period of one (1) year (the "Severance Period") in the following manner: an amount equal to fifty percent (50%) of the value of the Severance Payment, or, if the Severance Period is adjusted per Section 10(e), then an amount equal to twenty-five percent (25%) of the value of the Severance Payment, paid in a lump sum as soon as administratively practicable after your Termination Date; and an

amount equal to the remaining fifty percent (50%) or seventy-five percent (75%), as applicable, paid in equal semi-monthly installments, without interest, beginning six (6) months after the Termination Date and continuing through the end of the Severance Period. Notwithstanding the foregoing, in the event that the Termination Date occurs prior to the first anniversary of the Effective Date, the Severance Period will be increased by one year.

(iii) All outstanding awards, and all amounts owing or accrued, on the Date of Termination under the Lear Corporation Long-Term Stock Incentive Plan ("LTSIP"), the Lear Corporation Management Stock Purchase Plan ("MSPP"), the Lear Corporation Executive Supplemental Savings Plan ("ESSP") and the Lear Corporation Pension Equalization Program ("PEP"), and any other compensation or equity-based plan, program or arrangement of the Company in which you participated (including, following a Change in Control, any additional accruals provided thereunder due to a Change in Control) will be paid to you under the terms and conditions of such plans, programs and arrangements (and the award agreements and other documents thereunder), as modified by this Section 5(d)(iii). Your awards and amounts owing or accrued that vest based on the passage of time and/or continued service (and not based primarily upon the satisfaction of performance measures, as described below) will vest as scheduled during the Severance Period as if you had remained employed; to the extent such awards and amounts owing or accrued have not vested by the end of your Severance Period, they will become vested and nonforfeitable on a pro rata basis determined by multiplying the unvested awards and amounts by a fraction, the numerator of which is the number of full months that elapsed from the grant date to the end of your Severance Period, as adjusted by Section 10(e), and the denominator of which is the number of full months in the total vesting period. Your vested stock options shall be exercisable (A) prior to a Change in Control, for thirteen months following your Date of Termination (but not later than the date on which the stock options would otherwise expire if you remained employed by the Company), and (B) following a Change in Control, throughout their entire term. In the case of those awards and amounts owing or accrued which would otherwise have become vested and nonforfeitable primarily upon the satisfaction of performance measures set forth in the relevant award agreement, plan, program or arrangement, you shall be paid in stock as soon as administratively feasible after the end of the relevant performance period (or such earlier period as the other participants in such award agreement, plan, program or arrangement are eligible to be paid out), a pro rata amount (if and to the extent all relevant performance objectives are actually achieved at target levels), based on a fraction, the numerator of which is the number of full months that elapsed from the grant date to your Date of Termination and the denominator of which is the number of full months in the relevant performance period.

You and the Company acknowledge that references in this Section 5(d)(iii) to the PEP, the MSPP, the ESSP, and the LTSIP, shall be deemed to be references to such plans as amended or restated from time to time and to any similar plan of the Company that supplements or supersedes any such plans. In addition, you and the Company acknowledge that references in this Section 5 to any Section of the Code shall be deemed to be references to such Section as amended from time to time or to any successor thereto.

(iv) The Company shall arrange to provide to you, your dependents, and beneficiaries, for the Severance Period, benefits provided under any "welfare benefit plan" of the Company (as the term "welfare benefit plan" is defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended) ("Welfare Benefits"). If and to the extent that any such Welfare Benefits shall not or cannot be paid or provided under any policy, plan, program or arrangement of the Company (A) solely due to the fact that you are no longer an officer or employee of the Company or did not continue as an officer or employee of the Company during the remainder of the Term or (B) as a result of the amendment or termination of any plan providing for Welfare Benefits, the Company shall then itself pay or provide for the payment of such Welfare Benefits to you, your dependents and beneficiaries. Without otherwise limiting the purposes or effect of the no mitigation obligation in Section 5(h) hereof, Welfare Benefits payable to you (including your dependents and beneficiaries) pursuant to this Section 5(d)(iv) shall be reduced to the extent comparable welfare benefits are actually received by you (including your dependents and beneficiaries) from another employer during such period, and any such benefits actually received by you shall be reported by you to the Company.

(v) Your right to acquire any shares of the Company's capital stock under any and all outstanding stock options, or other rights previously granted to you under any equity-based plans of the Company shall be governed by the express terms of such plans and the applicable agreements thereunder, except as provided in Section 5(a), 5(b), or 5(d)(iii) of this Agreement.

(e) Any Bonus that is payable to you with respect to a period that is less than a full calendar year (a "partial calendar year") shall be prorated by multiplying (i) the Bonus that would have been payable to you with respect to the entire calendar year had your employment with the Company continued until the end of such year by (ii) a fraction, the numerator of which equals the number of days in the partial calendar year and the denominator of which equals 365.

(f) Unless your Date of Termination occurs within one year after a Change in Control, the Company, if permitted by law, may set-off or counterclaim losses, fines or damages in respect of any claim, debt or obligation against any payment to or benefit for you provided for in this Agreement.

(g) Without limiting your rights at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder within thirty (30) days of the date it is due, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to the "prime rate" as quoted from time to time during the relevant period in The Wall Street Journal, plus three percent. Such interest will be payable as it accrues on demand. Any change in such prime rate will be effective on and as of the date of such change.

(h) The Company acknowledges that its severance pay plans and policies applicable in general to its salaried employees do not provide for mitigation, offset or reduction of any severance

payment received thereunder. Accordingly, the parties hereto expressly agree that the payment of the severance compensation by the Company to you in accordance with the terms of this Agreement shall be liquidated damages and that you shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of you hereunder or otherwise, except as expressly provided in this Section 5.

6. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined (as hereafter provided) that any payment (or benefit provided) by the Company to or for your benefit, whether paid or payable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 (or any successor thereto) of the Code, and any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment or payments (collectively, a "Gross-Up Payment"), including without limitation any Gross-Up Payment made with respect to the Excise Tax, if any, attributable to (i) any incentive stock option, as defined by Section 422 of the Code ("ISO"), or (ii) any stock appreciation or similar right, whether or not limited, granted in tandem with any ISO. The Gross-Up Payment shall be in an amount such that, after payment by you of the Excise Tax, plus any additional taxes, penalties and interest, and any further Excise Taxes imposed upon the Gross-Up Payment, you retain, after payment of all such taxes and Excise Taxes, an amount of the Gross-Up Payment equal to the Payment that you would have received if no Excise Taxes had been imposed upon the Payment and no additional taxes, penalties, and interest or further Excise Taxes had been imposed upon the Gross-Up Payment.

(b) Subject to the provisions of Section 6(e) hereof, all determinations required to be made under this Section 6, including whether an Excise Tax is payable by you and the amount of such Excise Tax and whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized firm of certified public accountants (the "Accounting Firm") selected by you in your sole discretion, other than the Company's independent auditing firm, to the extent prohibited by applicable Public Company Accounting Oversight Board rules. You shall direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and you within 30 calendar days after the Termination Date. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall pay the required Gross-Up Payment to you within five (5) business days after receipt of the aforesaid determination and calculations. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you do not owe any Excise Tax on your Federal income tax return. Any determination by the Accounting Firm as to the amount of the Gross-Up Payment to be paid by the Company within such 30 calendar day period shall be binding upon the Company and you. As a result of the uncertainty in the application of Section 4999 (or any successor thereto) of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments

which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 6(e) hereof and you thereafter are required to make a payment of any Excise Tax, you shall direct the Accounting Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and you as promptly as possible. Any such Underpayment shall be promptly paid by the Company to or for your benefit within three calendar days after receipt of such determination and calculations.

(c) The Company and you shall each cooperate with the Accounting Firm in connection with the preparation and issuance of the determination provided for in Section 6(b) hereof. Such cooperation shall include without limitation providing the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or you, as the case may be, that are reasonably requested by the Accounting Firm.

(d) The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations provided for in Section 6(b) hereof shall initially be paid by you. The Company shall reimburse you for your payment of such costs and expenses within five (5) business days after receipt from you of a statement therefor and evidence of your payment thereof.

(e) You shall notify the Company in writing, of any claim by the Internal Revenue Service (the "IRS") that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after you receive notice of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the earlier of (x) the expiration of the 30 calendar day period following the date on which you give such notice to the Company or (y) the date that any payment of taxes with respect to such claim is due. If the Company notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

(i) give the Company any information reasonably requested by the Company relating, to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing, from time to time, including without limitation accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 6(e), the Company shall, provided that such control does not have a material adverse affect on your individual income tax with respect to matters unrelated to the contest of the Excise Tax, control all proceedings taken in connection with such contest and, at its sole option, may, provided that such pursuit or foregoing does not have a material adverse affect on your individual income tax with respect to matters unrelated to the contest of the Excise Tax, pursue or forego any and all administrative appeals, proceedings, hearings and conference with the IRS in respect of such claim (but, you may participate therein at your own cost and expense) and may, at its sole option, provided that such payment, suit, contest or prosecution does not have a material adverse affect on your individual income tax with respect to matters unrelated to the contest of the Excise Tax, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs you to pay the tax claimed and sue for a refund, the Company shall advance the amount of such payment to you on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for your taxable year with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of such contest shall be limited to issues with respect to which a Gross Up Payment would be payable hereunder, and you shall be entitled to settle or contest, as the case may be, any other issue raised by the IRS.

(f) If, after the receipt by you of an amount advanced by the Company pursuant to Section 6(e) hereof, you receive any refund with respect to such claim, you shall (subject to the Company's complying with the requirements of Section 6(e) hereof) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by you of an amount advanced by the Company pursuant to Section 6(e) hereof, a determination is made that you shall not be entitled to any refund with respect to such claim and the Company does not notify you in writing of its intent to contest such denial or refund prior to the expiration of 30 calendar days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

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

8. SUCCESSORS; BINDING AGREEMENT. The Company will 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, and will assign its rights and obligations hereunder to such successor. Failure of the Company to make such an assignment and to obtain such assumption and agreement prior to the effectiveness of any such succession, unless you agree otherwise in writing with the Company or the successor, 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 and the date on which any such succession becomes effective shall be deemed your Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore 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. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in this Section 8. Without limiting the generality of the foregoing, your right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by your will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 8, the Company shall have no liability to pay to the purported assignee or transferee any amount so attempted to be assigned or transferred. The Company and you recognize that each party will have no adequate remedy at law for any material breach by the other of any of the agreements contained herein and, in the event of any such breach, the Company and you hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of this Agreement.

9. NOTICES. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing, and shall be deemed to have been duly given when delivered by hand, or mailed by United States certified mail, return receipt requested, postage prepaid, or sent by Federal Express or similar overnight courier service, addressed to the respective addresses set forth on the first page of this Agreement, or sent by facsimile with confirmation of receipt to the respective facsimile numbers 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 Chairman of the Company's Board of Directors), or to such other address or facsimile number as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address or facsimile number shall be effective only upon receipt.

10. NONCOMPETITION.

(a) Until the Date of Termination, you agree not to engage in any Competitive Activity. For purposes of this Agreement, the term "Competitive Activity" shall mean your participation as an employee or consultant, without the written consent of the CEO or the Board or any authorized committee thereof, in the management of any business enterprise anywhere in the world if such

enterprise engages in competition with any product or service of the Company (including without limitation any enterprise that is a supplier to an original equipment automotive vehicle manufacturer) or is planning to engage in such competition. "Competitive Activity" shall not include the mere ownership of, and exercise of rights appurtenant to, securities of a publicly-traded company representing 5% or less of the total voting power and 5% or less of the total value of such an enterprise. You agree that the Company is a global business and that it is appropriate for this Section 10 to apply to Competitive Activity conducted anywhere in the world.

(b) You agree not to engage directly or indirectly in any Competitive Activity (i) until one (1) year after the Date of Termination if you are terminated by the Company for Cause, as a result of a Notice of Non-Renewal from the Company, or you terminate your employment for other than Good Reason, or (ii) until two (2) years after the Date of Termination in all other circumstances.

(c) You shall not directly or indirectly, either on your own account or with or for anyone else, solicit or attempt to solicit any of the Company's customers, solicit or attempt to solicit for any business endeavor or hire or attempt to hire any employee of the Company, or 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, (i) until one (1) year after the Date of Termination if you are terminated by the Company for Cause, as a result of a Notice of Non-Renewal from the Company, or you terminate your employment for other than Good Reason, or (ii) until two (2) years after the Date of Termination in all other circumstances.

(d) You acknowledge and agree that damages in the event of a breach or threatened breach of the covenants in this Section 10 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 10 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.

(e) As additional compensation for the covenants contained in Sections 10(b) and 10(c), and only if you execute a general release in form and substance reasonably acceptable to the Company acknowledging, among other things, your obligations under this Agreement, the Company shall increase the Severance Period for purposes of Section 5(d) from one (1) year to two (2) years.

11. CONFIDENTIALITY AND COOPERATION.

(a) 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, pricing or cost information, 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 by 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.

(b) Any design, engineering methods, techniques, discoveries, inventions (whether patentable or not), formulae, formulations, technical and product specifications, bill of materials, equipment descriptions, plans, layouts, drawings, computer programs, assembly, quality control, installation and operating procedures, operating manuals, strategic, technical or marketing information, designs, data, secret knowledge, know-how and all other information of a confidential nature prepared or produced during the period of your employment and which ideas, processes, and other materials or information 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.

(c) Following the termination of your employment, you agree to make yourself reasonably available to the Company to respond to periodic requests for information relating to the Company or your employment which may be within your knowledge. You further agree to cooperate fully with the Company in connection with any and all existing or future depositions, litigation, or investigations brought by or against the Company, any entity related to the Company, or any of its (their) agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent the Company deems your cooperation necessary. In the event that you are subpoenaed in connection with any litigation or investigation, you will immediately notify the Company. You shall not receive any additional compensation, other than reimbursement for reasonable costs and expenses incurred by you, in complying with the terms of this Section 11(c).

12. ARBITRATION.

(a) Except as contemplated by Section 10(d) or Section 12(c) 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.

(b) The parties agree to use their best efforts to cause (i) the two individuals set forth in the preceding Section 12(a), 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 (ii) 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.

(c) 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. If any dispute under this Section 12 shall be pending, you shall continue to receive at a minimum the base salary which you were receiving immediately prior to the act or omission which forms the basis for the dispute. At the close of the arbitration, such continued base salary payments may be offset against any damages awarded to you or may be recovered from you if its determined that you were not entitled to the continued payment of base salary under the other provisions of this Agreement.

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 without giving effect to any conflicts of laws rules.

16. PAYMENTS NET OF TAXES. Except as otherwise provided in Section 6 herein, any payments provided for herein which are subject to Federal, State local or other governmental tax or other withholding requirements or obligations, shall have such amounts withheld prior to payment, and the Company shall be considered to have fully satisfied its obligation hereunder by making such payments to you net of and after deduction for all applicable withholding obligations.

17. CAPACITY OF PARTIES. The parties hereto warrant that they have the capacity and authority to execute this Agreement.

18. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not, at the option of the party for whose benefit such provision was intended, affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

19. 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.

20. ENTIRE AGREEMENT. This Agreement and any attachments hereto, contain the entire agreement by the parties with respect to the matters covered herein and supersede any prior agreement (including, but not limited to the Prior Agreement and any other prior employment agreement(s)), 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.

21. LEGAL FEES AND EXPENSES. It is the intent of the Company that you not be required to incur the expenses associated with the enforcement of your rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to you hereunder. Accordingly, the Company shall pay or cause to be paid and be solely responsible for any and all reasonable attorneys' and related fees and expenses incurred by you (i) as a result of the Company's failure to perform this Agreement or any provision hereof or (ii) as a result of the Company unreasonably or maliciously contesting the validity or enforceability of this Agreement or any provision hereof as aforesaid.

22. CODE SECTION 409A. Notwithstanding any provision in this Agreement to the contrary, if your employment is terminated as described in Section 5(d) and Section 409A(a)(2)(B)(i) of the Code applies to all or any portion of your Severance Payment and you are a "specified employee" thereunder, then the Company shall pay the portion of your Severance Payment that is subject to such Section of the Code no earlier than six (6) months after your

Termination Date or such other date as would be permissible under the Code. If your employment is terminated as described in Section 5(d) and Section 409A(a)(2)(B)(i) of the Code does not apply to any portion of your Severance Payment or you are not a "specified employee" thereunder, then the Company shall pay your Severance Payment as described in Section 5(d).

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 15, 2005 ("Effective Date").

Sincerely,

LEAR CORPORATION

By: /s/ Roger A. Jackson

Roger A. Jackson

Agreed to this 15th day of March, 2005

/s/ Paul Joseph Zimmer

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Paul Joseph Zimmer

EXHIBIT 10.6

[LEAR CORPORATION LOGO]

March 15, 2005

Mr. Raymond E. Scott
5560 Clearview
Troy, MI 48098

Dear Ray:

Lear Corporation (the "Company") considers it essential to its best interest and the best interests of its stockholders to foster the continued 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. The Board recognizes that, as is the case with many publicly-held companies, the possibility of a Change in Control (as that term is hereafter defined) exists. The Company wishes to assure itself of both present and future continuity of management in the event of any Change in Control. 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 March 15, 2005 ("Effective Date"). The initial term of this Agreement shall be two (2) years from the Effective Date. The term of this Agreement shall at all times be two (2) years, that is, the term of this Agreement shall be automatically extended each day for an additional day such that this Agreement shall continually have an unexpired term of two (2) years, until the date two (2) years after written notice is provided by either the Company or the Executive that this Agreement is not to be further extended (a "Notice of Non-Renewal"), the date set forth in a Notice of Termination provided pursuant to Section 4, the date of the Executive's death, or the date the Executive reaches his or her normal retirement date under the Lear Corporation Pension Plan or its successor, whichever shall first occur (the initial term as so extended is referred to herein as the "Term").

2. TERMS OF EMPLOYMENT. During the Term, you agree to be a full-time employee of the Company serving initially in the position of President, European Customer Focus Division of the Company. You agree to devote substantially all of your working time and attention to the business and affairs of the Company, to discharge the responsibilities associated with your position with the Company, and to use your best efforts to perform faithfully and efficiently such responsibilities. In addition, you agree to serve in such other or different capacities or offices to which you may be assigned, appointed or elected from time to time by the Company. 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 that do not compete with the Company, or managing personal investments, as long as the foregoing do not interfere with the performance of your duties hereunder or violate the terms of the Company's Code of Business Ethics and Conduct, the Company's Corporate Governance Guidelines, or other policies applicable to the Company's executives generally, as those policies may be amended from time to time by the Company.

3. COMPENSATION.

(a) As compensation for your services, under this Agreement, you shall be entitled during the Term to receive an initial base salary the annualized amount of which shall be $435,000*, to be paid in accordance with existing payroll practices for executives of the Company. Increases in your base salary, if any, shall be as approved by the Compensation Committee of the Board. In addition, you shall be eligible to receive an annual incentive compensation bonus ("Bonus") to be approved from time to time by the Compensation Committee of the Board.

(b) During the Term, you shall be eligible for participation in the welfare, retirement, perquisite and fringe benefit, and other benefit plans, practices, policies and programs, as may be in effect from time to time, for senior executives of the Company generally.

(c) During the Term, you shall be eligible for prompt reimbursement for business expenses reasonably incurred by you in accordance with the Company's policies, as may be in effect from time to time, for its senior executives generally.

4. TERMINATION OF EMPLOYMENT.

(a) NOTICE. You or the Company may terminate the employment relationship by giving a Notice of Non-Renewal, as described in Section 1. Alternatively, the employment relationship may be terminated by the Company with or without Cause, by the Company for Incapacity, or by you with or without Good Reason, all as defined below, by giving a Notice of Termination. 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. All notices under this Section 4(a) shall be given in accordance with the requirements of Section 9.

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* effective December 1, 2005.

(b) INCAPACITY. If the Company reasonably determines that you are unable at any time to perform the duties of your position because of a serious illness, injury, impairment, or physical or mental condition and you are not eligible for or have exhausted all leave to which you may be entitled under the Family and Medical Leave Act ("FMLA") or, if more generous, other applicable state or local law, the Company may terminate your employment for "Incapacity". In addition, at any time that you are on a leave of absence, the Company may temporarily reassign the duties of your position to one or more other executives without creating a basis for your Good Reason resignation, provided that the Company restores such duties to you upon your return to work.

(c) CAUSE. Termination of your employment for "Cause" shall mean termination upon:

(i) an act of fraud, embezzlement or theft by you in connection with your duties or in the course of your employment with the Company;

(ii) your material breach of any provision of this Agreement, provided that in those instances in which your material breach is capable of being cured, you have failed to cure within a thirty (30) day period after notice from the Company;

(iii) an act or omission, which is (x) willful or grossly negligent, (y) contrary to established policies or practices of the Company, and (z) materially harmful to the business or reputation of the Company, or to the business of the Company's customers or suppliers as such relate to the Company; or

(iv) a plea of nolo contendere to, or conviction for, a felony.

(d) GOOD REASON. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances or events:

(i) any reduction by the Company in your base salary or adverse change in the manner of computing your Bonus, as in effect from time to time, except for across-the-board salary reductions or changes to the manner of computing bonuses similarly affecting all executive officers of the Company subject to Section 16(b) of the Securities Exchange Act of 1934, as determined by the Board ("executive officers");

(ii) the failure by the Company to pay or provide to you 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;

(iii) except in the case of across-the-board reductions, deferrals, eliminations, or plan modifications similarly affecting all executive officers, the failure by the Company to continue to provide you with benefits substantially similar in the 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;

(iv) without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company.

However, the language in Sections 4(d)(i) through (iii) concerning reductions, changes, deferrals, eliminations, or plan modifications similarly affecting all executive officers of the Company shall not be applicable to circumstances or events occurring in anticipation of, or within one year after, a Change in Control, as defined in Section 4(e). In addition, upon a Change in Control, you shall have the right to resign for Good Reason if your principal place of employment is transferred to a location fifty (50) or more miles from its location immediately preceding the transfer.

Notwithstanding anything else herein, Good Reason shall not exist if, with regard to the circumstances or events relied upon in your Notice of Termination: (x) you failed to provide a Notice of Termination to the Company within sixty (60) days of the date you knew or should have known of such circumstances or events, (y) the circumstances or events are fully corrected by the Company prior to the Date of Termination, or (z) you give your express written consent to the circumstances or events.

(e) CHANGE IN CONTROL. For purposes of this Agreement, a "Change in Control" of the Company shall be deemed to have occurred as of the first day any one or more of the following paragraphs is satisfied:

(i) any Person as that term is used in Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Company or a trustee or other fiduciary holding securities under an employee benefit plan of the Company, or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company) becomes the Beneficial Owner, as that term is defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act, directly or indirectly, of securities of the Company, representing more than twenty percent of the combined voting power of the Company's then outstanding securities.

(ii) during any period of twenty-six consecutive months beginning on or after the Effective Date, individuals who at the beginning of the period constituted the Board cease for any reason (other than death, disability or voluntary retirement) to constitute a majority of the Board. For this purpose, any new Director whose election by the Board, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the Directors then still in office, and who either were Directors at the beginning of the period or whose election or nomination for election was so approved, will be deemed to have been a Director at the beginning of any twenty-six month period under consideration.

(iii) the shareholders of the Company approve: (A) a plan of complete liquidation or dissolution of the Company; or (B) an agreement for the sale or disposition of all or substantially all the Company's assets; or (C) a merger, consolidation or reorganization of the Company with or involving any other corporation, other than a merger, consolidation or reorganization that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least eighty percent of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger, consolidation, or reorganization.

(f) DATE OF TERMINATION. "Date of Termination" shall mean

(i) if your employment is terminated by reason of your death, the date of your death;

(ii) if your employment is terminated by the Company for any reason other than because of your death, the date specified in the Notice of Termination (which shall not be prior to the date of the notice);

(iii) if your employment is terminated by you for any reason, the Date of Termination shall be not less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given, or such earlier date after the date such Notice of Termination is given 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.

(g) EMPLOYEE BENEFITS. A termination by the Company pursuant to Section 4(c) hereof or by you pursuant to Section 4(d) hereof shall not affect any rights which you may have pursuant to any other agreement, policy, plan, program or arrangement of the Company providing employee benefits, which rights shall be governed by the terms thereof and by Section 5; provided, however, that if you shall have received or shall be receiving benefits under Section 5(a), (c), or (d) hereof and, if applicable, Section 6 hereof, you shall not be entitled to receive benefits under any other policy, plan, program or arrangement of the Company providing severance compensation to which you would otherwise be entitled.

5. COMPENSATION UPON TERMINATION. Upon your termination of employment, you shall receive:

(a) If your employment shall be terminated by the Company for Incapacity, (i) for the period from the Date of Termination until the end of the calendar year in which such termination occurs, you shall receive 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 from all sources equals your base salary, at the rate in effect on the Date of Termination, plus any Bonus and all

other amounts to which you would have been entitled under any compensation or benefit plans of the Company had your employment continued until the end of the calendar year, (ii) for the period from the end of the calendar year in which such termination occurs until two (2) years from the Date of Termination (the "Payment End Date"), you shall receive 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 from all sources equals your base salary at the rate in effect on the Date of Termination, and (iii) for purposes of outstanding awards and amounts owing or accrued as described in Section 5(d)(iii) of this Agreement, your employment shall be deemed to have been terminated due to your Disability (as that term is defined in the plans, programs, or arrangements described in Section 5(d)(iii) of this Agreement). After the Payment End Date, 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. The additional payments by the Company described in this Section 5(a) shall be conditioned upon the execution by you or a representative with legal authority to act on your behalf of a general release relating to your employment in form and substance reasonably acceptable to the Company.

(b) If your employment shall be terminated (i) by the Company for Cause or by a Notice of Non-Renewal, or (ii) by you other than for Good Reason, the Company shall pay you your 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 fully vested and irrevocably entitled under any compensation or benefit plans of the Company as of the Date of Termination, and the Company shall have no further obligations in any respect whatsoever for payment of compensation or benefits to you under this Agreement. Provided, however, that if your employment is terminated by you other than for Good Reason, you shall be compensated under this Section 5(b) only to the extent that you actively performed your assigned responsibilities through the Date of Termination. In addition, you acknowledge that a termination of employment described in this Section 5(b) shall not be considered an End of Service Date for any and all outstanding stock options to which you are a party, except to the extent it would otherwise qualify as a Retirement thereunder.

(c) 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 base salary through the Date of Termination, plus a Bonus 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, including, but not limited to, all life insurance proceeds payable on your death to which your estate or beneficiaries are otherwise entitled in accordance with the terms thereof, and the Company shall have no further obligation to you, your beneficiaries or your estate under this Agreement.

(d) If your employment shall be terminated (a) by the Company, except for a termination by the Company for Cause or Incapacity or by a Notice of Non-Renewal (or due to your death), or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(i) 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 at any time within 90 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, a Bonus prorated for the portion of the Bonus measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided below.

(ii) Conditioned upon your execution of a general release relating to your employment in form and substance reasonably acceptable to the Company, the Company shall pay or cause to be paid to you, in lieu of any further payments to you for the portion of the Term subsequent to the Termination Date an amount (the "Severance Payment"), which shall be equal to the sum of:

(A) the aggregate base salary (at the highest rate in effect at any time during the Term) which you would have received pursuant to this Agreement for the Severance Period had your employment with the Company continued for such period, and

(B) the aggregate Bonus (based upon the highest annual Bonus that you received with respect to any calendar year during the two years immediately preceding the calendar year in which the Termination Date occurred, or, in the event that the Termination Date occurs prior to the first anniversary of the Effective Date, then based upon the highest annual Bonus that you received with respect to any calendar year during the three years immediately preceding the calendar year in which the Termination Date occurred) which you would have received pursuant to this Agreement for the Severance Period, had your employment with the Company continued for such period.

The Severance Payment shall be paid over a period of one (1) year (the "Severance Period") in the following manner: an amount equal to fifty percent (50%) of the value of the Severance Payment, or, if the Severance Period is adjusted per Section 10(e), then an amount equal to twenty-five percent (25%) of the value of the Severance Payment, paid in a lump sum as soon as administratively practicable after your Termination Date; and an amount equal to the remaining fifty percent (50%) or seventy-five percent (75%), as applicable, paid in equal semi-monthly installments, without interest, beginning six (6) months after the Termination Date and continuing through the end of the Severance Period. Notwithstanding the foregoing, in the event that the Termination Date occurs prior to the first anniversary of the Effective Date, the Severance Period will be increased by one year.

(iii) All outstanding awards, and all amounts owing or accrued, on the Date of Termination under the Lear Corporation Long-Term Stock Incentive Plan ("LTSIP"), the Lear Corporation Management Stock Purchase Plan ("MSPP"), the Lear Corporation Executive Supplemental Savings Plan ("ESSP") and the Lear Corporation Pension Equalization Program ("PEP"), and any other compensation or equity-based plan, program or arrangement of the Company in which you participated (including, following a Change in Control, any additional accruals provided thereunder due to a Change in Control) will be paid to you under the terms and conditions of such plans, programs and arrangements (and the award agreements and other documents thereunder), as modified by this Section 5(d)(iii). Your awards and amounts owing or accrued that vest based on the passage of time and/or continued service (and not based primarily upon the satisfaction of performance measures, as described below) will vest as scheduled during the Severance Period as if you had remained employed; to the extent such awards and amounts owing or accrued, other than those stock options held by you on the Effective Date, have not vested by the end of your Severance Period, they will become vested and nonforfeitable on a pro rata basis determined by multiplying the unvested awards and amounts by a fraction, the numerator of which is the number of full months that elapsed from the grant date to the end of your Severance Period, as adjusted by Section 10(e), and the denominator of which is the number of full months in the total vesting period. Your vested stock options shall be exercisable (A) prior to a Change in Control, for thirteen months following your Date of Termination (but not later than the date on which the stock options would otherwise expire if you remained employed by the Company), and (B) following a Change in Control, throughout their entire term. In the case of those awards and amounts owing or accrued which would otherwise have become vested and nonforfeitable primarily upon the satisfaction of performance measures set forth in the relevant award agreement, plan, program or arrangement, you shall be paid in stock as soon as administratively feasible after the end of the relevant performance period (or such earlier period as the other participants in such award agreement, plan, program or arrangement are eligible to be paid out), a pro rata amount (if and to the extent all relevant performance objectives are actually achieved at target levels), based on a fraction, the numerator of which is the number of full months that elapsed from the grant date to your Date of Termination and the denominator of which is the number of full months in the relevant performance period.

You and the Company acknowledge that references in this Section 5(d)(iii) to the PEP, the MSPP, the ESSP, and the LTSIP, shall be deemed to be references to such plans as amended or restated from time to time and to any similar plan of the Company that supplements or supersedes any such plans. In addition, you and the Company acknowledge that references in this Section 5 to any Section of the Code shall be deemed to be references to such Section as amended from time to time or to any successor thereto.

(iv) The Company shall arrange to provide to you, your dependents, and beneficiaries, for the Severance Period, benefits provided under any "welfare benefit plan" of the Company (as the term "welfare benefit plan" is defined in Section 3(1) of the Employee

Retirement Income Security Act of 1974, as amended) ("Welfare Benefits"). If and to the extent that any such Welfare Benefits shall not or cannot be paid or provided under any policy, plan, program or arrangement of the Company (A) solely due to the fact that you are no longer an officer or employee of the Company or did not continue as an officer or employee of the Company during the remainder of the Term or (B) as a result of the amendment or termination of any plan providing for Welfare Benefits, the Company shall then itself pay or provide for the payment of such Welfare Benefits to you, your dependents and beneficiaries. Without otherwise limiting the purposes or effect of the no mitigation obligation in Section 5(h) hereof, Welfare Benefits payable to you (including your dependents and beneficiaries) pursuant to this Section 5(d)(iv) shall be reduced to the extent comparable welfare benefits are actually received by you (including your dependents and beneficiaries) from another employer during such period, and any such benefits actually received by you shall be reported by you to the Company.

(v) Your right to acquire any shares of the Company's capital stock under any and all outstanding stock options, or other rights previously granted to you under any equity-based plans of the Company shall be governed by the express terms of such plans and the applicable agreements thereunder, except as provided in Section 5(a), 5(b), or 5(d)(iii) of this Agreement.

(e) Any Bonus that is payable to you with respect to a period that is less than a full calendar year (a "partial calendar year") shall be prorated by multiplying (i) the Bonus that would have been payable to you with respect to the entire calendar year had your employment with the Company continued until the end of such year by (ii) a fraction, the numerator of which equals the number of days in the partial calendar year and the denominator of which equals 365.

(f) Unless your Date of Termination occurs within one year after a Change in Control, the Company, if permitted by law, may set-off or counterclaim losses, fines or damages in respect of any claim, debt or obligation against any payment to or benefit for you provided for in this Agreement.

(g) Without limiting your rights at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder within thirty (30) days of the date it is due, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to the "prime rate" as quoted from time to time during the relevant period in The Wall Street Journal, plus three percent. Such interest will be payable as it accrues on demand. Any change in such prime rate will be effective on and as of the date of such change.

(h) The Company acknowledges that its severance pay plans and policies applicable in general to its salaried employees do not provide for mitigation, offset or reduction of any severance payment received thereunder. Accordingly, the parties hereto expressly agree that the payment of the severance compensation by the Company to you in accordance with the terms of this Agreement shall be liquidated damages and that you shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise,

nor shall any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of you hereunder or otherwise, except as expressly provided in this Section 5.

6. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined (as hereafter provided) that any payment (or benefit provided) by the Company to or for your benefit, whether paid or payable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 (or any successor thereto) of the Code, and any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment or payments (collectively, a "Gross-Up Payment"), including without limitation any Gross-Up Payment made with respect to the Excise Tax, if any, attributable to (i) any incentive stock option, as defined by Section 422 of the Code ("ISO"), or (ii) any stock appreciation or similar right, whether or not limited, granted in tandem with any ISO. The Gross-Up Payment shall be in an amount such that, after payment by you of the Excise Tax, plus any additional taxes, penalties and interest, and any further Excise Taxes imposed upon the Gross-Up Payment, you retain, after payment of all such taxes and Excise Taxes, an amount of the Gross-Up Payment equal to the Payment that you would have received if no Excise Taxes had been imposed upon the Payment and no additional taxes, penalties, and interest or further Excise Taxes had been imposed upon the Gross-Up Payment.

(b) Subject to the provisions of Section 6(e) hereof, all determinations required to be made under this Section 6, including whether an Excise Tax is payable by you and the amount of such Excise Tax and whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized firm of certified public accountants (the "Accounting Firm") selected by you in your sole discretion, other than the Company's independent auditing firm, to the extent prohibited by applicable Public Company Accounting Oversight Board rules. You shall direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and you within 30 calendar days after the Termination Date. If the Accounting Firm determines that any Excise Tax is payable by you, the Company shall pay the required Gross-Up Payment to you within five (5) business days after receipt of the aforesaid determination and calculations. If the Accounting Firm determines that no Excise Tax is payable by you, it shall, at the same time as it makes such determination, furnish you with an opinion that you do not owe any Excise Tax on your Federal income tax return. Any determination by the Accounting Firm as to the amount of the Gross-Up Payment to be paid by the Company within such 30 calendar day period shall be binding upon the Company and you. As a result of the uncertainty in the application of Section 4999 (or any successor thereto) of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 6(e) hereof and you thereafter are required to make a payment of any Excise Tax, you shall direct the Accounting Firm to determine the amount of the

Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and you as promptly as possible. Any such Underpayment shall be promptly paid by the Company to or for your benefit within three calendar days after receipt of such determination and calculations.

(c) The Company and you shall each cooperate with the Accounting Firm in connection with the preparation and issuance of the determination provided for in Section 6(b) hereof. Such cooperation shall include without limitation providing the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or you, as the case may be, that are reasonably requested by the Accounting Firm.

(d) The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations provided for in Section 6(b) hereof shall initially be paid by you. The Company shall reimburse you for your payment of such costs and expenses within five (5) business days after receipt from you of a statement therefor and evidence of your payment thereof.

(e) You shall notify the Company in writing, of any claim by the Internal Revenue Service (the "IRS") that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after you receive notice of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the earlier of (x) the expiration of the 30 calendar day period following the date on which you give such notice to the Company or (y) the date that any payment of taxes with respect to such claim is due. If the Company notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

(i) give the Company any information reasonably requested by the Company relating, to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing, from time to time, including without limitation accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and

expenses. Without limitation on the foregoing provisions of this Section 6(e), the Company shall, provided that such control does not have a material adverse affect on your individual income tax with respect to matters unrelated to the contest of the Excise Tax, control all proceedings taken in connection with such contest and, at its sole option, may, provided that such pursuit or foregoing does not have a material adverse affect on your individual income tax with respect to matters unrelated to the contest of the Excise Tax, pursue or forego any and all administrative appeals, proceedings, hearings and conference with the IRS in respect of such claim (but, you may participate therein at your own cost and expense) and may, at its sole option, provided that such payment, suit, contest or prosecution does not have a material adverse affect on your individual income tax with respect to matters unrelated to the contest of the Excise Tax, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs you to pay the tax claimed and sue for a refund, the Company shall advance the amount of such payment to you on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for your taxable year with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of such contest shall be limited to issues with respect to which a Gross Up Payment would be payable hereunder, and you shall be entitled to settle or contest, as the case may be, any other issue raised by the IRS.

(f) If, after the receipt by you of an amount advanced by the Company pursuant to Section 6(e) hereof, you receive any refund with respect to such claim, you shall (subject to the Company's complying with the requirements of Section 6(e) hereof) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by you of an amount advanced by the Company pursuant to Section 6(e) hereof, a determination is made that you shall not be entitled to any refund with respect to such claim and the Company does not notify you in writing of its intent to contest such denial or refund prior to the expiration of 30 calendar days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

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

8. SUCCESSORS; BINDING AGREEMENT. The Company will 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, and will assign its rights and obligations hereunder to such successor. Failure of the Company to make such an assignment and to obtain

such assumption and agreement prior to the effectiveness of any such succession, unless you agree otherwise in writing with the Company or the successor, 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 and the date on which any such succession becomes effective shall be deemed your Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore 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. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in this Section 8. Without limiting the generality of the foregoing, your right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by your will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 8, the Company shall have no liability to pay to the purported assignee or transferee any amount so attempted to be assigned or transferred. The Company and you recognize that each party will have no adequate remedy at law for any material breach by the other of any of the agreements contained herein and, in the event of any such breach, the Company and you hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of this Agreement.

9. NOTICES. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing, and shall be deemed to have been duly given when delivered by hand, or mailed by United States certified mail, return receipt requested, postage prepaid, or sent by Federal Express or similar overnight courier service, addressed to the respective addresses set forth on the first page of this Agreement, or sent by facsimile with confirmation of receipt to the respective facsimile numbers 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 Chairman of the Company's Board of Directors), or to such other address or facsimile number as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address or facsimile number shall be effective only upon receipt.

10. NONCOMPETITION.

(a) Until the Date of Termination, you agree not to engage in any Competitive Activity. For purposes of this Agreement, the term "Competitive Activity" shall mean your participation as an employee or consultant, without the written consent of the CEO or the Board or any authorized committee thereof, in the management of any business enterprise anywhere in the world if such enterprise engages in competition with any product or service of the Company (including without limitation any enterprise that is a supplier to an original equipment automotive vehicle manufacturer) or is planning to engage in such competition. "Competitive Activity" shall not include the mere ownership of, and exercise of rights appurtenant to, securities of a publicly-traded

company representing 5% or less of the total voting power and 5% or less of the total value of such an enterprise. You agree that the Company is a global business and that it is appropriate for this Section 10 to apply to Competitive Activity conducted anywhere in the world.

(b) You agree not to engage directly or indirectly in any Competitive Activity (i) until one (1) year after the Date of Termination if you are terminated by the Company for Cause, as a result of a Notice of Non-Renewal from the Company, or you terminate your employment for other than Good Reason, or (ii) until two (2) years after the Date of Termination in all other circumstances.

(c) You shall not directly or indirectly, either on your own account or with or for anyone else, solicit or attempt to solicit any of the Company's customers, solicit or attempt to solicit for any business endeavor or hire or attempt to hire any employee of the Company, or 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, (i) until one (1) year after the Date of Termination if you are terminated by the Company for Cause, as a result of a Notice of Non-Renewal from the Company, or you terminate your employment for other than Good Reason, or (ii) until two (2) years after the Date of Termination in all other circumstances.

(d) You acknowledge and agree that damages in the event of a breach or threatened breach of the covenants in this Section 10 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 10 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.

(e) As additional compensation for the covenants contained in Sections 10(b) and 10(c), and only if you execute a general release in form and substance reasonably acceptable to the Company acknowledging, among other things, your obligations under this Agreement, the Company shall increase the Severance Period for purposes of Section 5(d) from one (1) year to two (2) years.

11. CONFIDENTIALITY AND COOPERATION.

(a) 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, pricing or cost information, 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 by 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.

(b) Any design, engineering methods, techniques, discoveries, inventions (whether patentable or not), formulae, formulations, technical and product specifications, bill of materials, equipment descriptions, plans, layouts, drawings, computer programs, assembly, quality control, installation and operating procedures, operating manuals, strategic, technical or marketing information, designs, data, secret knowledge, know-how and all other information of a confidential nature prepared or produced during the period of your employment and which ideas, processes, and other materials or information 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.

(c) Following the termination of your employment, you agree to make yourself reasonably available to the Company to respond to periodic requests for information relating to the Company or your employment which may be within your knowledge. You further agree to cooperate fully with the Company in connection with any and all existing or future depositions, litigation, or investigations brought by or against the Company, any entity related to the Company, or any of its (their) agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent the Company deems your cooperation necessary. In the event that you are subpoenaed in connection with any litigation or investigation, you will immediately notify the Company. You shall not receive any additional compensation, other than reimbursement for reasonable costs and expenses incurred by you, in complying with the terms of this Section 11(c).

12. ARBITRATION.

(a) Except as contemplated by Section 10(d) or Section 12(c) 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.

(b) The parties agree to use their best efforts to cause (i) the two individuals set forth in the preceding Section 12(a), 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 (ii) 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.

(c) 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. If any dispute under this Section 12 shall be pending, you shall continue to receive at a minimum the base salary which you were receiving immediately prior to the act or omission which forms the basis for the dispute. At the close of the arbitration, such continued base salary payments may be offset against any damages awarded to you or may be recovered from you if its determined that you were not entitled to the continued payment of base salary under the other provisions of this Agreement.

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 without giving effect to any conflicts of laws rules.

16. PAYMENTS NET OF TAXES. Except as otherwise provided in Section 6 herein, any payments provided for herein which are subject to Federal, State local or other governmental tax or other withholding requirements or obligations, shall have such amounts withheld prior to payment, and the Company shall be considered to have fully satisfied its obligation hereunder by making such payments to you net of and after deduction for all applicable withholding obligations.

17. CAPACITY OF PARTIES. The parties hereto warrant that they have the capacity and authority to execute this Agreement.

18. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not, at the option of the party for whose benefit such provision was intended, affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

19. 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.

20. ENTIRE AGREEMENT. This Agreement and any attachments hereto, contain the entire agreement by the parties with respect to the matters covered herein and supersede any prior agreement (including, but not limited to, prior employment agreement(s)), 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.

21. LEGAL FEES AND EXPENSES. It is the intent of the Company that you not be required to incur the expenses associated with the enforcement of your rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to you hereunder. Accordingly, the Company shall pay or cause to be paid and be solely responsible for any and all reasonable attorneys' and related fees and expenses incurred by you (i) as a result of the Company's failure to perform this Agreement or any provision hereof or (ii) as a result of the Company unreasonably or maliciously contesting the validity or enforceability of this Agreement or any provision hereof as aforesaid.

22. CODE SECTION 409A. Notwithstanding any provision in this Agreement to the contrary, if your employment is terminated as described in Section 5(d) and Section 409A(a)(2)(B)(i) of the Code applies to all or any portion of your Severance Payment and you are a "specified employee" thereunder, then the Company shall pay the portion of your Severance Payment that is subject to such Section of the Code no earlier than six (6) months after your Termination Date or such other date as would be permissible under the Code. If your employment is terminated as described in Section 5(d) and Section 409A(a)(2)(B)(i) of the Code does not apply to any portion of your Severance Payment or you are not a "specified employee" thereunder, then the Company shall pay your Severance Payment as described in Section 5(d).

[Signature Page Follows]

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 15, 2005 ("Effective Date").

Sincerely,

LEAR CORPORATION

By: /s/ Roger A. Jackson

Roger A. Jackson

Agreed to this 15th day of March, 2005

/s/ Raymond E. Scott
- -----------------------------------
Raymond E. Scott

Exhibit 31.1

CERTIFICATION

I, Robert E. Rossiter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lear Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2005 By: /s/ Robert E. Rossiter

Robert E. Rossiter
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, David C. Wajsgras, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lear Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2005   By: /s/ David C. Wajsgras

David C. Wajsgras
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lear Corporation (the "Company") on Form 10-Q for the period ended October 1, 2005, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2005

Signed: /s/ Robert E. Rossiter

Robert E. Rossiter
Chief Executive Officer

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lear Corporation (the "Company") on Form 10-Q for the period ended October 1, 2005, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2005

Signed: /s/ David C. Wajsgras

David C. Wajsgras
Chief Financial Officer

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.