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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended **April 1, 2006.**

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 (State or other jurisdiction of incorporation or organization)	**13-3386776** (I.R.S. Employer Identification No.)
21557 Telegraph Road, Southfield, MI (Address of principal executive offices)	**48034** (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 x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o Non-accelerated filer 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 x

As of April 28, 2006, the number of shares outstanding of the registrant’s common stock was 67,335,409 shares.

LEAR CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED APRIL 1, 2006

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LEAR CORPORATION

PART I —FINANCIAL INFORMATION

ITEM 1 — CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION TO THE CONDENSED 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 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, 2005.

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

CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	April 1, 2006	December 31, 2005
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 171.2	$ 207.6
Accounts receivable	2,726.6	2,337.6
Inventories	671.5	688.2
Recoverable customer engineering and tooling	215.9	317.7
Other	294.6	295.3
Total current assets	4,079.8	3,846.4
LONG-TERM ASSETS:		
Property, plant and equipment, net	2,002.5	2,019.3
Goodwill, net	1,939.9	1,939.8
Other	459.1	482.9
Total long-term assets	4,401.5	4,442.0
	$ 8,481.3	$ 8,288.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 17.5	$ 23.4
Accounts payable and drafts	3,099.3	2,993.5
Accrued liabilities	1,145.2	1,080.4
Current portion of long-term debt	7.9	9.4
Total current liabilities	4,269.9	4,106.7
LONG-TERM LIABILITIES:		
Long-term debt	2,237.8	2,243.1
Other	839.0	827.6
Total long-term liabilities	3,076.8	3,070.7
STOCKHOLDERS' EQUITY:		
Common stock, $0.01 par value, 150,000,000 shares authorized; 73,281,653 shares issued as of April 1, 2006 and December 31, 2005	0.7	0.7
Additional paid-in capital	1,114.6	1,108.6
Common stock held in treasury, 5,951,138 shares as of April 1, 2006, and 6,094,847 shares as of December 31, 2005, at cost	(218.8)	(225.5)
Retained earnings	362.9	361.8
Accumulated other comprehensive loss	(124.8)	(134.6)
Total stockholders' equity	1,134.6	1,111.0
	$ 8,481.3	$ 8,288.4

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

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited; in millions, except per share data)

	Three Months Ended	
	April 1, 2006	April 2, 2005
Net sales	$ 4,678.5	$ 4,286.0
Cost of sales	4,459.3	4,086.1
Selling, general and administrative expenses	165.0	151.1
Interest expense	47.7	44.8
Other (income) expense, net	(8.3)	6.9
Income (loss) before benefit for income taxes and cumulative effect of a change in accounting principle	14.8	(2.9)
Benefit for income taxes	(0.2)	(18.5)
Income before cumulative effect of a change in accounting principle	15.0	15.6
Cumulative effect of a change in accounting principle	(2.9)	—
Net income	$ 17.9	$ 15.6
Basic net income per share:		
Income before cumulative effect of a change in accounting principle	$ 0.22	$ 0.23
Cumulative effect of a change in accounting principle	(0.05)	—
Basic net income per share	$ 0.27	$ 0.23
Diluted net income per share:		
Income before cumulative effect of a change in accounting principle	$ 0.22	$ 0.23
Cumulative effect of a change in accounting principle	(0.04)	—
Diluted net income per share	$ 0.26	$ 0.23

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

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Three Months Ended	
	April 1, 2006	April 2, 2005
Cash Flows from Operating Activities:		
Net income	$ 17.9	$ 15.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of a change in accounting principle	(2.9)	—
Depreciation and amortization	97.8	95.6
Net change in recoverable customer engineering and tooling	128.6	(62.7)
Net change in working capital items	(235.8)	70.9
Other, net	(4.3)	(0.9)
Net cash provided by operating activities before net change in sold accounts receivable	1.3	118.5
Net change in sold accounts receivable	38.1	—
Net cash provided by operating activities	39.4	118.5
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(92.6)	(129.4)
Other, net	27.9	(4.3)
Net cash used in investing activities	(64.7)	(133.7)
Cash Flows from Financing Activities:		
Long-term debt borrowings (repayments), net	(6.1)	5.1
Short-term debt borrowings, net	—	3.6
Dividends paid	(16.8)	(16.8)
Proceeds from exercise of stock options	—	2.2
Repurchase of common stock	—	(25.4)
Increase in drafts	1.1	2.3
Other, net	—	0.3
Net cash used in financing activities	(21.8)	(28.7)
Effect of foreign currency translation	10.7	(15.4)
Net Change in Cash and Cash Equivalents	(36.4)	(59.3)
Cash and Cash Equivalents as of Beginning of Period	207.6	584.9
Cash and Cash Equivalents as of End of Period	$ 171.2	$ 525.6
Changes in Working Capital Items:		
Accounts receivable	$(428.2)	$ (1.4)
Inventories	14.0	(7.0)
Accounts payable	103.9	53.4
Accrued liabilities and other	74.5	25.9
Net change in working capital items	$(235.8)	$ 70.9
Supplementary Disclosure:		
Cash paid for interest	$ 26.6	$ 28.9
Cash paid for income taxes	$ 42.9	$ 63.5

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

The condensed 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 statements have been reclassified to conform to the presentation used in the quarter ended April 1, 2006.

(2) Stock-Based Compensation

On January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment," using the modified prospective transition method and recognized income of $2.9 million as a cumulative effect of a change in accounting principle related to a change in accounting for forfeitures. There was no income tax effect resulting from this adoption. SFAS No. 123(R) requires the estimation of expected forfeitures at the grant date and the recognition of compensation cost only for those awards expected to vest. Previously, the Company accounted for forfeitures as they occurred. The adoption of SFAS No. 123(R) will not result in the recognition of additional compensation cost related to outstanding unvested awards, as the Company has recognized compensation cost using the fair value provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," for all employee awards granted after January 1, 2003. The pro forma effect on net income and net income 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
	April 2, 2005
Net income, as reported	$15.6
Add: Stock-based employee compensation expense included in reported net income, net of tax	4.1
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(6.2)
Net income, pro forma	$13.5
Net income per share:	
Basic – as reported	$0.23
Basic – pro forma	$0.20
Diluted – as reported	$0.23
Diluted – pro forma	$0.20

(3) Restructuring

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 part 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.

Although all aspects of the restructuring actions have not been finalized, the Company expects to incur pretax costs of approximately $250 million in connection with the restructuring actions, of which $111.4 million have been incurred through the first quarter of 2006. 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 strategy are finalized. Actual costs recorded in the Company's consolidated financial statements may vary from current estimates.

In connection with the Company’s restructuring actions, the Company recorded charges of $22.5 million in the first quarter of 2006, including $21.8 million recorded as cost of sales, $1.1 million recorded as selling, general and administrative expenses and $0.4 million as other income related to gains on the sales of machinery and equipment. The first quarter 2006 charges consist of employee termination benefits of $18.2 million and asset impairment charges of $1.1 million, as well as other costs of $3.2 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 machinery and equipment with carrying values of $1.1 million in excess of related estimated fair values.

A summary of the first quarter 2006 restructuring charges is shown below (in millions):

			2006 Utilization		
	Accrual as of December 31, 2005	2006 Charges	Cash	Non-cash	Accrual as of April 1, 2006
Employee termination benefits	$15.1	$18.2	$ (15.4)	$ —	$ 17.9
Asset impairments	—	1.1	—	(1.1)	—
Contract termination costs	5.0	—	(3.6)	—	1.4
Other related costs	—	3.2	(3.2)	—	—
Total	$20.1	$22.5	$ (22.2)	$ (1.1)	$ 19.3

(4) 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):

	April 1, 2006	December 31, 2005
Raw materials	$ 492.6	$ 511.3
Work-in-process	47.7	47.8
Finished goods	131.2	129.1
Inventories	$ 671.5	$ 688.2

(5) 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):

	April 1, 2006	December 31, 2005
Land	$ 140.2	$ 140.3
Buildings and improvements	703.7	701.1
Machinery and equipment	3,059.8	3,006.3
Construction in progress	81.7	70.5
Total property, plant and equipment	3,985.4	3,918.2
Less – accumulated depreciation	(1,982.9)	(1,898.9)
Net property, plant and equipment	$ 2,002.5	$ 2,019.3

Depreciation expense was $96.6 million and $94.5 million in the three months ended April 1, 2006 and April 2, 2005, respectively.

(6) Goodwill

A summary of the changes in the carrying amount of goodwill, by reportable operating segment, for the three months ended April 1, 2006, is shown below (in millions):

	Seating	Interior	Electronic and Electrical	Total
Balance as of January 1, 2006	$1,034.2	$—	$905.6	$1,939.8
Foreign currency translation and other	(3.4)	—	3.5	0.1
Balance as of April 1, 2006	$1,030.8	$—	$909.1	$1,939.9

(7) 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 16, "Financial Instruments," is shown below (in millions):

	April 1, 2006		December 31, 2005	
	Long-Term Debt	Weighted Average Interest Rate	Long-Term Debt	Weighted Average Interest Rate
Amended and Restated Primary Credit Facility	$ 400.0	5.81%	$ 400.0	5.67%
5.75% Senior Notes, due 2014	399.3	5.635%	399.3	5.635%
Zero-coupon Convertible Senior Notes, due 2022	303.6	4.75%	300.1	4.75%
8.125% Euro-denominated Senior Notes, due 2008	300.0	8.125%	295.6	8.125%
8.11% Senior Notes, due 2009	800.0	8.48%	800.0	8.35%
Other	42.8	6.50%	57.5	6.34%
	2,245.7		2,252.5	
Current portion	(7.9)		(9.4)	
Long-term debt	$ 2,237.8		$ 2,243.1	

Amended and Restated Primary Credit Facility

As of April 1, 2006, the Company's Amended and Restated Primary Credit Facility consisted of an Amended and Restated Credit and Guarantee Agreement, which provided for maximum revolving borrowing commitments of $1.7 billion and was scheduled to mature on March 23, 2010, as well as a $400 million term loan facility, which was scheduled to mature on February 11, 2007. As of April 1, 2006 and December 31, 2005, the Company had $400.0 million in borrowings outstanding under the Amended and Restated Primary Credit Facility, all of which were outstanding under the term loan facility. There were no revolving borrowings outstanding.

On April 25, 2006, the Company entered into a $2.7 billion Amended and Restated Credit and Guarantee Agreement (the "New Credit Agreement"), which provides for maximum revolving borrowing commitments of $1.7 billion and a term loan facility of $1.0 billion. The New Credit Agreement replaced the Company's prior primary credit facility. The $1.7 billion revolving credit facility matures on March 23, 2010, and the $1.0 billion term loan facility matures on April 25, 2012. The New Credit Agreement provides for multicurrency borrowings in a maximum aggregate amount of $750 million, Canadian borrowings in a maximum aggregate amount of $200 million and swing-line borrowings in a maximum aggregate amount of $300 million, the commitments for which are part of the aggregate revolving credit facility commitment.

Of the $1.0 billion proceeds under the term loan facility, $400.0 million was used to repay the term loan facility under the Company's prior primary credit facility, $316.5 million has been placed in a cash collateral account for the purpose of refinancing or repurchasing the Company's outstanding zero-coupon convertible senior notes, $200.0 million has been placed in a cash collateral account for the purpose of refinancing or repurchasing a portion of the Company's 2008 and 2009 senior note debt maturities and the remainder will be used for general corporate purposes. To the extent that the zero-coupon convertible senior notes are otherwise refinanced, the $316.5 million in the cash collateral account will remain in such account and instead be used to refinance or repurchase a portion of the Company's 2008 and 2009 senior note debt maturities. To the extent that the 2008 and 2009 senior note debt maturities are otherwise refinanced following a refinancing or repurchasing of the zero-coupon convertible senior notes, all monies in the cash collateral accounts will be released to the Company for general corporate purposes. The funds in such cash collateral accounts will be included in other long-term assets in the Company's consolidated balance sheet. The Company's ability to utilize the funds in the cash collateral accounts is subject to there being no default or event of default under the credit agreement governing the primary credit facility.

The Company's obligations under the New Credit Agreement are secured by a pledge of all or a portion of the capital stock of certain of its subsidiaries, including substantially all of its first-tier subsidiaries, and are partially secured by a security interest in the Company's assets and the assets of certain of its domestic subsidiaries. In addition, the Company's obligations under the New Credit Agreement are guaranteed, on a joint and several basis, by certain of its subsidiaries, which guarantee its obligations under its outstanding senior notes and all of which are directly or indirectly 100% owned by the Company.

The New Credit Agreement contains certain affirmative and negative covenants, including (i) limitations on fundamental changes involving the Company or its subsidiaries, asset sales and restricted payments, (ii) a limitation on indebtedness with a maturity shorter than the term loan facility, (iii) a limitation on aggregate subsidiary indebtedness to an amount which is no more than 4% of consolidated total assets, (iv) a limitation on aggregate secured indebtedness to an amount which is no more than $100 million and (v) requirements that the Company maintain an initial leverage ratio of not more than 4.25 to 1 with decreases over time and an initial interest coverage ratio of not less than 2.50 to 1 with increases over time (as such ratios are defined in the new credit agreement). As of April 1, 2006, the Company was in compliance with all covenants set forth in the New Credit Agreement and in its prior primary credit facility. The Company's leverage and interest coverage ratios were 2.7 to 1 and 4.4 to 1, respectively.

Zero-Coupon Convertible Senior Notes

In February 2002, the Company issued $640.0 million aggregate principal amount at maturity of zero-coupon convertible senior notes due 2022 (the "Convertible Notes"), yielding gross proceeds of $250.3 million. The Convertible Notes are unsecured and rank equally with the Company's other unsecured senior indebtedness, including the Company's other senior notes. Each Convertible Note of $1,000 principal amount at maturity was issued at a price of $391.06, representing a yield to maturity of 4.75%. Holders of the Convertible Notes may convert their notes at any time on or before the maturity date at a conversion rate, subject to adjustment, of 7.5204 shares of the Company's common stock per note, provided that the average per share price of the Company's common stock for the 20 trading days immediately prior to the conversion date is at least a specified percentage, beginning at 120% upon issuance and declining 1/2% each year thereafter to 110% at maturity, of the accreted value of the Convertible Note, divided by the conversion rate (the "Contingent Conversion Trigger"). The average per share price of the Company's common stock for the 20 trading days immediately prior to April 1, 2006, was $17.36. As of April 1, 2006, the Contingent Conversion Trigger was $74.43. The Convertible Notes are also convertible (1) if the long-term credit rating assigned to the Convertible Notes by either Moody's Investors Service or Standard & Poor's Ratings Services is reduced below Ba3 or BB-, respectively, or either ratings agency withdraws its long-term credit rating assigned to the notes, (2) if the Company calls the Convertible Notes for redemption or (3) upon the occurrence of specified other events.

The Company has an option to redeem all or a portion of the Convertible Notes for cash at their accreted value at any time on or after February 20, 2007. Should the Company exercise this option, holders of the Convertible Notes could exercise their option to convert the Convertible Notes into the Company's common stock at the conversion rate, subject to adjustment, of 7.5204 shares per note. Holders may require the Company to purchase their Convertible Notes on each of February 20, 2007, 2012 and 2017, as well as upon the occurrence of a fundamental change (as defined in the indenture governing the Convertible Notes), at their accreted value on such dates. On August 26, 2004, the Company amended its outstanding Convertible Notes to require settlement of any repurchase obligation with respect to the Convertible Notes for cash only.

All of the Company's senior notes are guaranteed by the same subsidiaries that guaranteed the Amended and Restated Primary Credit Facility and that now guarantee the New Credit Agreement. In the event that any such subsidiary ceases to be a guarantor under the New Credit Agreement, such subsidiary will be released as a guarantor of the senior notes. The Company's obligations under the senior notes are not secured by the pledge of the assets or capital stock of any of its subsidiaries.

All of the Company's senior notes contain covenants limiting the ability of the Company and its subsidiaries to incur liens and to enter into sale and leaseback transactions and limiting the ability of the Company 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 April 1, 2006, the Company was in compliance with all covenants and other requirements set forth in its senior notes.

(8) 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	
	April 1, 2006	April 2, 2005	April 1, 2006	April 2, 2005
Service cost	$ 12.6	$ 10.0	$ 3.2	$ 3.0
Interest cost	10.8	8.9	3.7	3.3
Expected return on plan assets	(9.7)	(7.1)	—	—
Amortization of actuarial loss	1.8	0.7	1.4	0.9
Amortization of transition obligation	—	—	0.2	0.6
Amortization of prior service cost	1.3	1.2	(0.9)	(1.1)
Special termination benefits	0.1	—	0.1	0.1
Net periodic benefit cost	$ 16.9	$ 13.7	$ 7.7	$ 6.8

Contributions

Employer contributions to the Company's domestic and foreign pension plans for the three months ended April 1, 2006, were approximately $9.3 million, in aggregate. The Company expects to contribute an additional $55 million to $60 million, in aggregate, to its domestic and foreign pension portfolios in 2006.

(9) Other (Income) Expense, Net

Other (income) expense includes state and local non-income taxes, foreign exchange gains and losses, fees associated with the Company's asset-backed securitization and factoring facilities, minority interests in consolidated subsidiaries, equity in net income of affiliates, gains and losses on the sales of assets and other miscellaneous income and expense. A summary of other (income) expense, net is shown below (in millions):

	April 1, 2006	April 2, 2005
Other expense	$ 18.4	$ 9.5
Other income	(26.7)	(2.6)
Other (income) expense, net	$ (8.3)	$ 6.9

For the first quarter of 2006, other income includes gains of $25.9 million related to the sales of the Company's interests in two affiliates.

(10) Benefit for Income Taxes

The benefit for income taxes was $0.2 million for the first quarter of 2006, as compared to a benefit for income taxes of $18.5 million for the first quarter of 2005. The benefit for income taxes for the first quarter of 2006 includes a one-time tax benefit of $8.6 million resulting from a tax audit resolution and court rulings in certain jurisdictions. The benefit for income taxes in the first quarter of 2006 was also impacted by gains on the sales of the Company's interests in two affiliates, for which no tax expense was recognized, and a portion of the Company's restructuring charges, for which no tax benefit was provided as the charges were incurred in certain countries for which no tax benefit is likely to be realized due to a history of operating losses in those countries. Further, as a result of the Company recording a valuation allowance related to its net U.S. deferred tax assets in 2005, no Federal income tax will be recognized with respect to U.S. operations in 2006. The Company intends to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. The Company's future income tax expense will include no tax benefit with respect to U.S. losses and no tax expense with respect to U.S. income until the valuation allowance is eliminated. Accordingly, income taxes are impacted by the U.S. valuation allowance and the mix of earnings among jurisdictions. The benefit for income taxes for the first quarter of 2005 includes a one-time tax benefit of $17.8 million resulting from a tax law change in Poland.

(11) Net Income Per Share

Basic net income per share is computed using the weighted average common shares outstanding during the period. Diluted net income per share includes the dilutive effect of common stock equivalents using the average share price during the period, as well as shares issuable upon conversion of the Company's outstanding zero-coupon convertible senior notes. A summary of shares outstanding is shown below:

	Three Months Ended	
	April 1, 2006	April 2, 2005
Weighted average common shares outstanding	67,216,992	67,247,498
Dilutive effect of common stock equivalents	724,075	1,495,835
Diluted shares outstanding	67,941,067	68,743,333
Diluted net income per share	$ 0.26	$ 0.23

The 4,813,056 shares issuable upon conversion of the Company's outstanding zero-coupon convertible debt and the effect of certain common stock equivalents, including options, restricted stock units and stock appreciation rights, were excluded from the computation of diluted shares outstanding for the three months ended April 1, 2006 and April 2, 2005, as inclusion would have resulted in antidilution. A summary of these options and their exercise prices, as well as these restricted stock units and stock appreciation rights, is shown below:

	Three Months Ended	
	April 1, 2006	April 2, 2005
Options		
Antidilutive options	2,907,005	437,200
Exercise price	$22.12 - $55.33	$54.22 - $55.33
Restricted stock units	821,237	607,280
Stock appreciation rights	1,138,114	—

(12) 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 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):

	Three Months Ended	
	April 2, 2005	April 2, 2005
Net income	$ 17.9	$ 15.6
Other comprehensive income (loss):		
Derivative instruments and hedging activities	(5.8)	(12.0)
Foreign currency translation adjustment	15.6	(64.0)
Other comprehensive loss	9.8	(76.0)
Comprehensive income (loss)	$ 27.7	$ (60.4)

(13) 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 quarters of 2006 and 2005, the Company capitalized $38.8 million and $75.4 million, respectively, of pre-production ER&D costs for which reimbursement is contractually guaranteed by the customer. In addition, during the first quarters of 2006 and 2005, the Company capitalized $173.9 million and $134.3 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 condensed consolidated balance sheets. During the first quarters of 2006 and 2005, the Company collected $298.5 million and $151.0 million, respectively, of cash related to ER&D and tooling costs.

During the first quarters of 2006 and 2005, the Company capitalized $1.4 million and $11.1 million, respectively, of Company-owned tooling. These amounts are included in property, plant and equipment, net in the condensed consolidated balance sheets.

The classification of recoverable customer engineering and tooling is shown below (in millions):

	April 1, 2006	December 31, 2005
Current	$ 215.9	$ 317.7
Long-term	192.7	223.2
Recoverable customer engineering and tooling	$ 408.6	$ 540.9

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.

(14) Legal and Other Contingencies

As of April 1, 2006 and December 31, 2005, the Company had recorded reserves for pending legal disputes, including commercial disputes and other matters, of $50.6 million and $49.5 million, respectively. Such reserves reflect amounts recognized in accordance with accounting principles generally accepted in the United States and typically 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, including, without limitation, commercial or contractual disputes with its suppliers and competitors. Largely as a result of generally unfavorable industry conditions and financial distress within the automotive supply base, the Company experienced an increase in commercial and contractual disputes, particularly with its suppliers. These disputes vary in nature and are usually resolved by negotiations between the parties.

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 approximately $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 $30.0 million verdict against the Company. 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 $4.7 million. The Company is appealing the judgment and the interest award.

On January 26, 2004, the Company filed a patent infringement lawsuit against Johnson Controls Inc. and Johnson Controls Interiors LLC (together, “JCI”) in the U.S. District Court for the Eastern District of Michigan alleging that JCI’s garage door opener products infringed certain of the Company’s radio frequency transmitter patents. JCI counterclaimed seeking a declaratory judgment that the subject patents are invalid and unenforceable, and that JCI is not infringing these patents. JCI also has filed motions for summary judgment asserting that its garage door opener products do not infringe the Company’s patents. The Company is vigorously pursuing its claims against JCI and discovery is on-going. A trial in the case is currently scheduled for the second quarter of 2006.

After the Company filed its patent infringement action against JCI, affiliates of JCI sued one of the Company’s vendors and certain of the vendor’s employees in Ottawa County, Michigan Circuit Court on July 8, 2004, alleging misappropriation of trade secrets. The suit alleges that the defendants misappropriated and shared with the Company trade secrets involving JCI’s universal garage door opener product. JCI seeks to enjoin the defendants from selling or attempting to sell a competing product, as well as compensatory and exemplary damages in unspecified amounts. The Company is not a defendant in this lawsuit; however, the agreements between the Company and the defendants contain customary indemnification provisions. The Company does not believe that its garage door opener product benefited from any allegedly misappropriated trade secrets or technology. However, JCI has sought discovery of certain information which the Company believes is confidential and proprietary, and the Company has intervened in the case as a non-party for the limited purpose of protecting its rights with respect to JCI’s discovery efforts. Discovery has been extended to July 2006. A trial date has not yet been scheduled.

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 were 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 were asserted against Ford only (not the Company) based upon different Chamberlain patents. The Chamberlain lawsuit was filed in connection with the marketing of the Company's universal garage door opener system, which competes with a product offered by 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. JCI and Chamberlain have filed a motion for a preliminary injunction, which the Company is contesting. The Company is vigorously defending the claims asserted in this lawsuit. In addition, the Company filed a motion for summary judgment against JCI and Chamberlain on the ground that there is no infringement by the Company's product. A trial date has not yet been scheduled.

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 or other corrective actions involving its 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 product warranty or 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 three months ended April 1, 2006, is shown below (in millions):

Balance as of January 1, 2006	$ 33.9
Expense	0.8
Settlements	(1.1)
Foreign currency translation and other	0.4
Balance as of April 1, 2006	$ 34.0

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 its 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 April 1, 2006 and December 31, 2005, the Company had recorded reserves for environmental matters of $5.0 million. 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 its acquisition of UT Automotive 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.

All of the plaintiffs have dismissed their claims for health effects and personal injury damages without prejudice. There is the potential that these plaintiffs could seek separate counsel to re-file their personal injury claims. Currently, there are approximately 270 plaintiffs remaining in the lawsuits who are proceeding with property damage claims only. 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 April 2005, the court scheduled the first trial date for the first group of plaintiffs to commence in March 2006. The March 2006 trial date has since been continued until August 14, 2006.

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 a substantial portion of the resulting losses, if any. However, the ultimate outcome of these matters is unknown.

In the first quarter of 2006, UTC entered into a settlement agreement with the plaintiffs and filed a lawsuit against the Company in the State of Connecticut Superior Court, District of Hartford, seeking declaratory relief and indemnification from the Company for the settlement amount, attorney fees, costs and expenses UTC paid in settling and defending the Columbus, Mississippi lawsuits. The Company will vigorously defend this lawsuit and intends to reassert its indemnification claims against UTC and Johnson Electric.

Other Matters

In January 2004, the Securities and Exchange Commission (the "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.

In February 2006, the Company received a subpoena from the SEC in connection with an ongoing investigation of General Motors Corporation by the SEC. This investigation has been previously reported by General Motors as involving, among other things, General Motors' accounting for payments and credits by suppliers. The SEC subpoena seeks the production of documents relating to payments or credits by the Company to General Motors from 2001 to the present. The Company is cooperating with the SEC in connection with this matter.

In April 2006, a former employee of the Company filed a purported class action lawsuit in the U.S. District Court for the Eastern District of Michigan against the Company, members of its Board of Directors, members of its Employee Benefits Committee and certain of its human resources personnel alleging violations of the Employment Retirement Income Security Act (ERISA) with respect to the Company's retirement savings plans for salaried and hourly employees. The complaint alleges that the defendants breached their fiduciary duties to plan participants by, among other things, providing them with company matching contributions and offering them the option of investing in the Company's common stock, which allegedly was not a prudent investment. Plaintiff purports to bring these claims on behalf of the plans and all persons who were participants in or beneficiaries of the plans from February 2, 2005 to the present and seeks to recover losses allegedly suffered by the plans. The complaint does not specify the amount of damages sought. No determination has been made that a class action can be maintained, and there have been no decisions on the merits of the case. The Company intends to vigorously defend this action.

Prior to the Company's acquisition of UT Automotive from UTC in May 1999, one of the Company's subsidiaries 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 proposed an adjustment to UTC's tax treatment of the transaction seeking an increase in tax of $87.5 million, excluding interest. In April 2005, a protest objecting to the proposed adjustment was filed with the IRS. The case was then referred to the Appeals Office of the IRS for an independent review. There have been several meetings and discussions with the IRS Appeals personnel in an attempt to resolve the case. Although the Company believes that valid support exists for UTC's tax positions, the Company and UTC are currently in settlement negotiations with the IRS. 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.

Although the Company records reserves for legal, product warranty and environmental matters in accordance with SFAS No. 5, "Accounting for Contingencies," the outcomes of these matters are inherently uncertain. Actual results may differ significantly from current estimates.

The Company is involved in certain other legal actions and claims arising in the ordinary course of business, including, without limitation, commercial 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 the Company 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.

(15) 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, headliners and 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 (i) revenues from external customers, (ii) income (loss) before interest, other (income) expense, income taxes and cumulative effect of a change in accounting principle ("segment earnings") and (iii) cash flows, being defined as segment earnings 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 April 1, 2006				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 2,992.5	$ 898.7	$ 787.3	$ —	$ 4,678.5
Segment earnings	125.9	(59.5)	53.1	(65.3)	54.2
Depreciation and amortization	40.4	24.8	26.8	5.8	97.8
Capital expenditures	36.8	33.1	15.7	7.0	92.6
Total assets	4,170.6	1,511.1	2,178.1	621.5	8,481.3

	Three Months Ended April 2, 2005				
	Seating	Interior	Electronic and Electrical	Other	Consolidated
Revenues from external customers	$ 2,748.7	$ 762.8	$ 774.5	$ —	$ 4,286.0
Segment earnings	50.1	(8.4)	58.5	(51.4)	48.8
Depreciation and amortization	35.1	30.0	25.3	5.2	95.6
Capital expenditures	59.1	37.5	20.4	12.4	129.4
Total assets	4,057.3	2,510.9	2,319.2	934.0	9,821.4

As of December 31, 2005, the Company changed its allocation of cash and cash equivalents. Cash and cash equivalents previously reflected in the reportable operating segments, has been reflected in total in “Other.” As of April 2, 2005, total assets by reportable operating segment reflect this change. In addition, the prior year’s reportable operating segment information has been reclassified to reflect the current organizational structure of the Company.

For the three months ended April 1, 2006, segment earnings include restructuring charges of $15.1 million, $5.8 million and $2.0 million in the seating, interior and electronic and electrical segments, respectively (Note 3, “Restructuring”).

A reconciliation of consolidated segment earnings to consolidated income (loss) before benefit for income taxes and cumulative effect of a change in accounting principle is shown below (in millions):

	Three Months Ended	
	April 1, 2006	April 2, 2005
Segment earnings	$ 54.2	$ 48.8
Interest expense	47.7	44.8
Other (income) expense, net	(8.3)	6.9
Income (loss) before benefit for income taxes and cumulative effect of a change in accounting principle	$ 14.8	$ (2.9)

(16) 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 condensed consolidated balance sheets. As of April 1, 2006 and December 31, 2005, the amount of factored receivables was $298.1 million and $256.2 million, respectively. The Company cannot provide any assurances that these factoring facilities will be available or utilized in the future.

Asset-Backed Securitization Facility

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 receivables to bank-sponsored commercial-paper conduits. As of April 1, 2006, accounts receivable totaling $641.2 million had been transferred to Lear ASC Corporation, including $491.2 million of retained interests, which serves as credit enhancement for the facility and is included in accounts receivable in the condensed consolidated balance sheet as of April 1, 2006. As of December 31, 2005, accounts receivable totaling $673.4 million had been transferred to Lear ASC Corporation, including $523.4 million of retained interests, which serves as credit enhancement for the facility and is included in accounts receivable in the condensed consolidated balance sheet as of December 31, 2005. A discount on the sale of receivables of $1.6 million and $0.8 million was recognized in the three months ended April 1, 2006 and April 2, 2005, respectively, and is reflected in other expense, net in the condensed consolidated statements of income.

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 for the failure of the accounts receivable obligors to pay timely on the accounts receivable.

The following table summarizes certain cash flows received from and paid to Lear ASC Corporation (in millions):

	Three Months Ended	
	April 1, 2006	April 2, 2005
Proceeds from collections reinvested in securitizations	$ 1,071.6	$ 1,093.3
Servicing fees received	1.5	1.3

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 April 1, 2006, contracts designated as fair value hedges with $1.9 billion of notional amount were outstanding with maturities of less than fifteen months. As of April 1, 2006, the fair market value of these contracts was approximately negative $5.8 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 April 1, 2006, contracts designated as cash flow hedges with $565.3 million of notional amount were outstanding with maturities of less than nine months. As of April 1, 2006, the fair market value of these foreign exchange contracts was approximately negative $4.7 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 April 1, 2006, contracts representing $600.0 million of notional amount were outstanding with maturity dates of September 2007 through May 2009. Of these outstanding contracts, $300.0 million modify the fixed rate characteristics of the Company's outstanding 8.11% senior notes due May 2009. These contracts convert fixed rate obligations into variable rate obligations with coupons which reset semi-annually based on LIBOR plus spreads of 4.58%. However, the effective cost of these contracts, including the impact of swap contract restructuring, is LIBOR plus 3.85%. The remaining $300.0 million modify the variable rate characteristics of the Company's variable rate debt instruments, which are generally set a three-month LIBOR rates. These contracts convert variable rate obligations into fixed rate obligations with a weighted average interest rate of 4.17% and mature in September 2007. 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 April 1, 2006, the fair market value of these interest rate swap contracts was approximately negative $13.3 million.

As of April 1, 2006 and December 31, 2005, net gains of approximately $3.3 million and $9.0 million, respectively, related to derivative instruments and hedging activities were recorded in accumulated other comprehensive loss. Net gains of $1.6 million and $5.5 million related to the Company's hedging activities were reclassified from accumulated other comprehensive loss into earnings in the three months ended April 1, 2006 and April 2, 2005, respectively. As of April 1, 2006, all cash flow hedges were scheduled to mature within nine months, all fair value hedges of the Company's fixed rate debt instruments were scheduled to mature within four years, and all fair value hedges of the Company's foreign exchange exposure were scheduled to mature within fifteen months. During the twelve month period ended March 31, 2007, the Company expects to reclassify into earnings net losses of approximately $2.2 million recorded in accumulated other comprehensive loss. Such losses will be reclassified at the time the underlying hedged transactions are realized. During the three months ended April 1, 2006 and April 2, 2005, amounts recognized in the condensed consolidated statements of income 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 6, "Long-Term Debt) as a net investment hedge of long-term investments in its Euro-functional subsidiaries. As of April 1, 2006, the amount recorded in cumulative translation adjustment related to the effective portion of the net investment hedge of foreign operations was approximately negative $76.2 million.

(17) 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 effects of adoption were not 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 effects of adoption were not significant.

Financial Instruments

The FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statements No. 133 and 140." This statement resolves issues related to the application of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," to beneficial interests in securitized assets. The provisions of this statement are to be applied prospectively to all financial instruments acquired or issued during fiscal years beginning after September 15, 2006. The Company is currently evaluating the provisions of this statement but does not expect the effects of adoption to be significant.

The FASB issued SFAS No. 156 "Accounting for Servicing of Financial Assets – an amendment of FASB Statement No. 140." This statement requires that all servicing assets and liabilities be initially measured at fair value. The provisions of this statement are to be applied prospectively to all servicing transactions beginning after September 15, 2006. The Company is currently evaluating the provisions of this statement but does not expect the effects of adoption to be significant.

(18) Supplemental Guarantor Condensed Consolidating Financial Statements

	April 1, 2006				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 46.3	$ 11.2	$ 113.7	$ —	$ 171.2
Accounts receivable	136.1	543.9	2,046.6	—	2,726.6
Inventories	23.5	227.7	420.3	—	671.5
Recoverable customer engineering and tooling	98.5	15.9	101.5	—	215.9
Other	111.5	38.9	144.2	—	294.6
Total current assets	415.9	837.6	2,826.3	—	4,079.8
LONG-TERM ASSETS:					
Property, plant and equipment, net	260.0	705.0	1,037.5	—	2,002.5
Goodwill, net	454.5	537.0	948.4	—	1,939.9
Investments in subsidiaries	3,309.4	2,945.2	—	(6,254.6)	—
Other	187.1	30.3	241.7	—	459.1
Total long-term assets	4,211.0	4,217.5	2,227.6	(6,254.6)	4,401.5
	$ 4,626.9	$ 5,055.1	$ 5,053.9	$ (6,254.6)	$ 8,481.3
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	$ —	$ —	$ 17.5	$ —	$ 17.5
Accounts payable and drafts	402.1	889.7	1,807.5	—	3,099.3
Accrued liabilities	236.8	256.0	652.4	—	1,145.2
Current portion of long-term debt	—	2.1	5.8	—	7.9
Total current liabilities	638.9	1,147.8	2,483.2	—	4,269.9
LONG-TERM LIABILITIES:					
Long-term debt	2,197.8	8.5	31.5	—	2,237.8
Intercompany accounts, net	351.5	990.3	(1,341.8)	—	—
Other	304.1	157.4	377.5	—	839.0
Total long-term liabilities	2,853.4	1,156.2	(932.8)	—	3,076.8
STOCKHOLDERS' EQUITY	1,134.6	2,751.1	3,503.5	(6,254.6)	1,134.6
	$ 4,626.9	$ 5,055.1	$ 5,053.9	$ (6,254.6)	$ 8,481.3

	December 31, 2005				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(In millions)				
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 38.6	$ 4.8	$ 164.2	$ —	$ 207.6
Accounts receivable	111.3	398.3	1,828.0	—	2,337.6
Inventories	32.4	244.3	411.5	—	688.2
Recoverable customer engineering and tooling	188.9	19.3	109.5	—	317.7
Other	118.2	56.5	120.6	—	295.3
Total current assets	489.4	723.2	2,633.8	—	3,846.4

LONG-TERM ASSETS:					
Property, plant and equipment, net	248.7	743.3	1,027.3	—	2,019.3
Goodwill, net	454.5	536.5	948.8	—	1,939.8
Investments in subsidiaries	3,274.0	2,865.7	—	(6,139.7)	—
Other	181.4	30.7	270.8	—	482.9
Total long-term assets	4,158.6	4,176.2	2,246.9	(6,139.7)	4,442.0
	$ 4,648.0	$ 4,899.4	$ 4,880.7	$ (6,139.7)	$ 8,288.4
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	$ —	$ —	$ 23.4	$ —	$ 23.4
Accounts payable and drafts	388.7	785.6	1,819.2	—	2,993.5
Accrued liabilities	242.7	211.5	626.2	—	1,080.4
Current portion of long-term debt	2.1	2.1	5.2	—	9.4
Total current liabilities	633.5	999.2	2,474.0	—	4,106.7
LONG-TERM LIABILITIES:					
Long-term debt	2,194.7	8.4	40.0	—	2,243.1
Intercompany accounts, net	410.0	1,012.5	(1,422.5)	—	—
Other	298.8	158.0	370.8	—	827.6
Total long-term liabilities	2,903.5	1,178.9	(1,011.7)	—	3,070.7
STOCKHOLDERS' EQUITY	1,111.0	2,721.3	3,418.4	(6,139.7)	1,111.0
	$ 4,648.0	$ 4,899.4	$ 4,880.7	$ (6,139.7)	$ 8,288.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Supplemental Guarantor Condensed Consolidating Financial Statements – (continued)

	For the Three Months Ended April 1, 2006				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
Net sales	$ 475.6	$ 1,889.0	$ 3,152.5	$ (838.6)	$ 4,678.5
Cost of sales	500.6	1,850.8	2,946.5	(838.6)	4,459.3
Selling, general and administrative expenses	59.4	27.3	78.3	—	165.0
Interest expense	15.1	23.5	9.1	—	47.7
Intercompany (income) expense, net	(131.8)	87.5	44.3	—	—
Other (income) expense, net	(31.3)	12.0	11.0	—	(8.3)
Income (loss) before income taxes, equity in net (income) loss of subsidiaries and cumulative effect of a change in accounting principle	63.6	(112.1)	63.3	—	14.8
Provision (benefit) for income taxes	(2.9)	1.7	1.0	—	(0.2)
Equity in net (income) loss of subsidiaries	51.5	(33.6)	—	(17.9)	—
Income (loss) before cumulative effect of a change in accounting principle	15.0	(80.2)	62.3	17.9	15.0
Cumulative effect of a change in accounting principle	(2.9)	—	—	—	(2.9)
Net income	$ 17.9	$ (80.2)	$ 62.3	$ 17.9	$ 17.9

	For the Three Months Ended April 2, 2005				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
Net sales	$ 422.5	$ 1,628.9	$ 2,842.1	$ (607.5)	$ 4,286.0
Cost of sales	471.0	1,545.6	2,677.0	(607.5)	4,086.1
Selling, general and administrative expenses	41.3	27.8	82.0	—	151.1
Interest expense	16.6	19.0	9.2	—	44.8
Intercompany (income) expense, net	(120.8)	72.6	48.2	—	—
Other expense, net	0.9	5.9	0.1	—	6.9
Income (loss) before income taxes and equity in net income of subsidiaries	13.5	(42.0)	25.6	—	(2.9)
Provision (benefit) for income taxes	5.2	(15.1)	(8.6)	—	(18.5)
Equity in net income of subsidiaries	(7.3)	(71.5)	—	78.8	—

Net income	$ 15.6	$ 44.6	$ 34.2	$ (78.8)	$ 15.6

(18) Supplemental Guarantor Condensed Consolidating Financial Statements – (continued)

	For the Three Months Ended April 1, 2006				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
Net cash provided by operating activities	$ 154.7	$ (41.3)	$ (74.0)	$ —	$ 39.4
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(14.4)	(30.6)	(47.6)		(92.6)
Other, net	31.2	(3.0)	(0.3)	—	27.9
Net cash used in investing activities	16.8	(33.6)	(47.9)	—	(64.7)
Cash Flows from Financing Activities:					
Long-term debt repayments, net	(2.1)	(0.1)	(3.9)	—	(6.1)
Dividends paid	(16.8)	—	—	—	(16.8)
Increase in drafts	7.6	(0.6)	(5.9)	—	1.1
Change in intercompany accounts	(152.5)	78.3	74.2	—	—
Net cash used in financing activities	(163.8)	77.6	64.4	—	(21.8)
Effect of foreign currency translation	—	3.7	7.0	—	10.7
Net Change in Cash and Cash Equivalents	7.7	6.4	(50.5)		(36.4)
Cash and Cash Equivalents as of Beginning of Period	38.6	4.8	164.2	—	207.6
Cash and Cash Equivalents as of End of Period	$ 46.3	$ 11.2	$ 113.7	$ —	$ 171.2

	For the Three Months Ended April 2, 2005				
	Parent	Guarantors	Non-guarantors	Eliminations	Consolidated
	(Unaudited; in millions)				
Net cash provided by operating activities	$ (41.2)	$ 140.2	$ 19.5	$ —	$ 118.5
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(33.1)	(54.6)	(41.7)		(129.4)
Other, net	0.1	1.1	(5.5)	—	(4.3)
Net cash used in investing activities	(33.0)	(53.5)	(47.2)	—	(133.7)
Cash Flows from Financing Activities:					
Long-term debt borrowings, net	5.3	(0.2)	—	—	5.1
Short-term debt borrowings, net	—	—	3.6	—	3.6
Dividends paid	(16.8)	—	—	—	(16.8)
Proceeds from exercise of stock options	2.2	—	—	—	2.2

Repurchase of common stock	(25.4)	—	—	—	(25.4)
Increase in drafts	1.3	(0.5)	1.5	—	2.3
Other, net	0.3	—	—	—	0.3
Change in intercompany accounts	60.3	(90.6)	30.3	—	—
Net cash used in financing activities	27.2	(91.3)	35.4	—	(28.7)
Effect of foreign currency translation	—	2.5	(17.9)	—	(15.4)
Net Change in Cash and Cash Equivalents	(47.0)	(2.1)	(10.2)		(59.3)
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	$ 76.5	$ 1.7	$ 447.4	$ —	$ 525.6

(18) 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 New Credit Agreement 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 2009, Euro 250 million aggregate principal amount of 8.125% senior notes due 2008, $640 million aggregate principal amount at maturity of zero-coupon convertible senior notes due 2022 and $400 million aggregate principal amount of 5.75% senior notes due 2014. The Guarantors under the indentures are currently Lear Automotive Dearborn, Inc., Lear Automotive (EEDS) Spain S.L., Lear Corporation EEDS and Interiors, Lear Corporation (Germany) Ltd., Lear Corporation Mexico, S.A. de C.V., Lear Operations Corporation and Lear Seating Holdings Corp. #50. Lear Automotive Dearborn, Inc. became a Guarantor under the indentures effective April 25, 2006. In lieu of providing separate unaudited financial statements for the Guarantors, the Company has included the unaudited supplemental guarantor condensed consolidating financial statements above. These financial statements reflect the guarantors listed above for all periods presented. 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.

As of December 31, 2005 and for the three months ended April 2, 2005, the supplemental guarantor condensed consolidating financial statements have been restated to reflect certain changes to the equity investments of guarantor subsidiaries.

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

Selling, General and Administrative Expenses — During the three months ended April 1, 2006 and April 2, 2005, the Parent allocated $12.9 million and $21.3 million, 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):

	April 1, 2006	December 31, 2005
Amended and restated primary credit facility	$ 400.0	$ 400.0
Senior notes	1,802.9	1,795.0
Other long-term debt	5.5	12.3
	2,208.4	2,207.3
Less — current portion	(2.1)	(4.2)
	$ 2,206.3	$ 2,203.1

The obligations of foreign subsidiary borrowers under the New Credit Agreement are guaranteed by the Parent.

For more information on the above indebtedness, see Note 7, "Long-Term Debt."

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 interior systems suppliers based on net sales. Our net sales have grown from $14.1 billion for the year ended December 31, 2000, to $17.1 billion for the year ended December 31, 2005. We supply every major automotive manufacturer in the world, including General Motors, Ford, DaimlerChrysler, BMW, Fiat, PSA, Volkswagen, Hyundai, Renault-Nissan, Mazda, Toyota and Porsche.

We supply automotive manufacturers with complete automotive seat systems, electrical distribution systems and various electronic products. We also supply automotive interior components and systems, including instrument panels and cockpit systems, headliners and overhead systems, door panels and flooring and acoustic systems.

In light of recent customer and market trends, we have been evaluating strategic alternatives with respect to our interior segment. On March 29, 2006, we agreed in principle to contribute substantially all of our European interior products business to International Automotive Components Group, a joint venture with WL Ross & Co. LLC and Franklin Mutual Advisers, LLC. We expect to receive a minority equity stake in the joint venture. Establishment of the joint venture is subject to the negotiation and execution of a definitive agreement and other conditions. No assurances can be given that the joint venture will be completed on the terms contemplated or at all. Accordingly, such assets are not classified as held for sale in the accompanying condensed consolidated financial statements. We continue to pursue strategic alternatives with respect to our North American interior products business.

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. A significant loss of business with respect to any vehicle model for which we are a significant supplier, or a decrease in the production levels of any such models, could have a material adverse impact on our future operating results. In addition, our two largest customers, General Motors and Ford, accounted for approximately 44% of our net sales in 2005, excluding net sales to Saab, Volvo, Jaguar and Land Rover, which are affiliates of General Motors or Ford. The automotive operations of both General Motors and Ford experienced significant operating losses in 2005 and have recently announced restructuring actions, which could have a material impact on our future 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 more fragmented with significant overcapacity. We expect these challenging industry conditions to continue in the foreseeable future. Although North American production levels increased during the first quarter of 2006 as compared to a year ago, production levels on several of our key platforms decreased. In 2005, the market share of certain of our key customers in both North America and Europe declined. There remains considerable uncertainty regarding our customers' production schedules in 2006. Historically, the majority of our sales have been derived from the U.S.-based automotive manufacturers in North America and, to a lesser extent, 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 significant responsibility for the design, development and engineering of our products. Our profitability is largely dependent on our ability to achieve product cost reductions through manufacturing efficiencies, product design enhancement and supply chain management. We also 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. 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 throughout 2005 and the first quarter of 2006 and are part 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. In connection with the restructuring actions, we expect to incur pretax costs of approximately $250 million, although all aspects of the restructuring actions have not been finalized.

Our material cost as a percentage of net sales increased to 68.3% in 2005 from 65.5% in 2004. A substantial portion of this increase was the result of less favorable vehicle platform mix and increase in certain raw material, energy and commodity costs, as well as net selling price reductions. Raw material, energy and commodity costs (principally steel, resins and other oil-based commodities) remained high and continued to have an adverse impact on our operating results in the first quarter of 2006. 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, energy 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, energy and commodity costs, these strategies, together with commercial negotiations with our customers and suppliers, offset only a portion of the adverse impact. We expect that high raw material, energy and commodity costs will continue to have an adverse impact on our operating results in the foreseeable future. See "— Forward-Looking Statements" and Item 1A, "Risk Factors – High raw material costs may continue to have a significant adverse impact on our profitability," in our Annual Report on Form 10-K for the year ended December 31, 2005.

In evaluating our financial condition and operating performance, we focus primarily on profitable sales growth and cash flows, as well as return on investment 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 (including sourcing activity in Asia) and with Asian automotive manufacturers worldwide. The Asian market presents growth opportunities, as automotive manufacturers expand production in this market to meet increasing demand. 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. In addition, we have improved our low-cost country manufacturing capabilities through expansion in Asia, Eastern Europe and Central America.

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. Historically, we have been generally successful in aligning our vendor payment terms with our customer payment terms. However, our ability to continue to do so may be adversely impacted by the recent decline in our financial results and adverse industry conditions. In addition, our cash flow is also dependent on our ability to efficiently manage our capital spending. We utilize return on investment as a measure of the efficiency with which assets are deployed to increase earnings. Improvements in our return on investment 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 investment of our interior segment is significantly below that of our seating and electronic and electrical segments.

In the first quarter of 2006, we incurred costs of $25 million related to the restructuring actions described above, including $23 million of restructuring charges and $2 million of manufacturing inefficiencies. In addition, we recognized aggregate gains of $26 million related to the sales of our interests in two affiliates. For further information regarding these items, see "— Restructuring" and Note 3, "Restructuring," and Note 9, "Other (Income) Expense, Net," to the accompanying condensed consolidated financial statements.

This section includes forward-looking statements that are subject to risks and uncertainties. For further information regarding other factors that have had, or may have in the future, a significant impact on our business, financial condition or results of operations, see "— Forward-Looking Statements" and Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2005.

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			
	April 1, 2006		April 2, 2005	
Net sales				
Seating	$ 2,992.5	64.0%	$ 2,748.7	64.1%
Interior	898.7	19.2	762.8	17.8
Electronic and electrical	787.3	16.8	774.5	18.1
Net sales	4,678.5	100.0	4,286.0	100.0
Gross profit	219.2	4.7	199.9	4.7
Selling, general and administrative expenses	165.0	3.5	151.1	3.5
Interest expense	47.7	1.0	44.8	1.0
Other (income) expense, net	(8.3)	(0.2)	6.9	0.2
Benefit for income taxes	(0.2)	—	(18.5)	(0.4)
Cumulative effect of a change in accounting principle	(2.9)	—	—	—
Net income	$ 17.9	0.4%	$ 15.6	0.4%

Three Months Ended April 1, 2006 vs. Three Months Ended April 2, 2005

Net sales in the first quarter of 2006 were $4.7 billion as compared to $4.3 billion in the first quarter of 2005, an increase of $393 million or 9.2%. New business favorably impacted net sales by $632 million. This increase was partially offset by the impact of net foreign exchange rate fluctuations and changes in industry production volumes and vehicle platform mix, which reduced net sales by $127 million and $122 million, respectively.

Gross profit and gross margin were $219 million and 4.7% in the quarter ended April 1, 2006, as compared to $200 million and 4.7% in the quarter ended April 2, 2005. New business favorably impacted gross profit by $50 million and was partially offset by costs related to our restructuring actions of $24 million. The impact of selling price reductions was largely offset by changes in industry production volumes and vehicle platform mix.

Selling, general and administrative expenses, including research and development, were $165 million in the three months ended April 1, 2006, as compared to $151 million in the three months ended April 2, 2005. As a percentage of net sales, selling, general and administrative expenses were 3.5% in the first quarters of 2006 and 2005. The increase in selling, general and administrative expenses was largely due to costs associated with our interior segment, including increases in new program engineering costs and costs related to the implementation of our strategy for this business. Inflationary increases in compensation and benefit expenses were largely offset by the impact of recent census reduction actions.

Interest expense was $48 million in the first quarter of 2006 as compared to $45 million in the first quarter of 2005. The impact of increased debt levels and interest rates was largely offset by the impact of increased utilization of our asset-backed securitization and factoring facilities. Fees associated with our asset-backed securitization and factoring facilities are reflected in other (income) expense.

Other (income) expense, which includes state and local non-income taxes, foreign exchange gains and losses, fees associated with our asset-backed securitization and factoring facilities, minority interests in consolidated subsidiaries, equity in net income (loss) of affiliates, gains and losses on the sales of assets and other miscellaneous income and expense, was income of $8 million in the first three months of 2006 as compared to expense of $7 million in the first three months of 2005. In the first quarter of 2006, we recognized gains of $26 million related to the sales of our interests in two affiliates. The impact of these gains was partially offset by the impact of foreign exchange gains and losses and an increase in minority interests in consolidated subsidiaries.

The benefit for income taxes was $0.2 million for the first quarter of 2006, as compared to a benefit for income taxes of $19 million for the first quarter of 2005. The benefit for income taxes for the first quarter of 2006 includes a one-time tax benefit of $9 million resulting from a tax audit resolution and court rulings in certain jurisdictions. The benefit for income taxes in the first quarter of 2006 was also impacted by gains on the sales of our interests in two affiliates, for which no tax expense was recognized, and a portion of our restructuring charges, for which no tax benefit was provided as the charges were incurred in certain countries for which no tax benefit is likely to be realized due to a history of operating losses in those countries. Further, as a result of recording a valuation allowance related to our net U.S. deferred tax assets in 2005, no Federal income tax will be recognized with respect to U.S. operations in 2006. We intend to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. Our future income tax expense will include no tax benefit with respect to U.S. losses and no tax expense with respect to U.S. income until the valuation allowance is eliminated. Accordingly, income taxes are impacted by the U.S. valuation allowance and the mix of earnings among jurisdictions. The benefit for income taxes for the first quarter of 2005 includes a one-time tax benefit of $18 million resulting from a tax law change in Poland.

On January 1, 2006, we adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123 (R), "Share-Based Payment." As a result, we recognized a cumulative effect of a change in accounting principle of $3 million in the first quarter of 2006 related to a change in accounting for forfeitures. For further information, see Note 2 "Accounting for Stock-Based Compensation," to the accompanying condensed consolidated financial statements.

Net income in the first quarter of 2006 was $18 million, or $0.26 per diluted share, as compared to $16 million, or $0.23 per diluted share, in the first quarter of 2005, for the reasons described above.

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, headliners and 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 (loss) before interest, other (income) expense, income taxes and cumulative effect of a change in accounting principle ("segment earnings") and segment earnings 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 (loss) before interest, other (income) expense, income taxes and cumulative effect of a change in accounting principles and the related margin. Segment earnings 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, segment earnings, as we determine it, may not be comparable to related or similarly titled measures reported by other companies. For a reconciliation of consolidated segment earnings to consolidated income (loss) before benefit for income taxes and cumulative effect of a change in accounting principle, see Note 15, "Segment Reporting," to the accompanying condensed consolidated financial statements.

Seating

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

	Three months ended	
	April 1, 2006	**April 2, 2005**
Net sales	$2,992.5	$ 2,748.7
Segment earnings	125.9	50.1
Margin	4.2%	1.8%

Seating net sales were $3.0 billion in the first quarter of 2006 as compared to $2.7 billion in the first quarter of 2005, an increase of $244 million or 8.9%. New business favorably impacted net sales by $363 million. This increase was partially offset by changes in industry production volumes and vehicle platform mix, as well as the impact of net foreign exchange rate fluctuations, which reduced net sales by $76 million and $66 million, respectively. Segment earnings and the related margin on net sales were $126 million and 4.2% in the first three months of 2006 as compared to $50 million and 1.8% in the first three months of 2005. The collective impact of new business and changes in industry production volumes and vehicle platform mix favorably impacted segment earnings by $84 million. These increases were partially offset by costs related to our restructuring actions of $15 million.

Interior

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

	Three months ended	
	April 1, 2006	April 2, 2005
Net sales	$ 898.7	$ 762.8
Segment earnings	(59.5)	(8.4)
Margin	(6.6%)	(1.1%)

Interior net sales were $899 million in the first quarter of 2006 as compared to $763 million in the first quarter of 2005, an increase of $136 million or 17.8%. New business favorably impacted net sales by $216 million. This increase was partially offset by changes in industry production volumes and vehicle platform mix, as well as the impact of net foreign exchange rate fluctuations, which reduced net sales by $63 million and $21 million, respectively. Segment earnings and the related margin on net sales were ($60) million and (6.6)% in the first three months of 2006 as compared to ($8) million and (1.1)% in the first three months of 2005. Segment earnings were negatively impacted primarily by the net impact of higher raw material and commodity costs on both new and existing programs, inefficiencies associated with new program launch activity and, to a lesser extent, increases in research and development costs. During the first quarter of 2006, we also incurred costs related to our restructuring actions of $7 million.

Electronic and Electrical

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

	Three months ended	
	April 1, 2006	April 2, 2005
Net sales	$ 787.3	$ 774.5
Segment earnings	53.1	58.5
Margin	6.7%	7.6%

Electronic and electrical net sales were $787 million in the first quarter of 2006 as compared to $775 million in the first quarter of 2005, an increase of $13 million or 1.7%. New business favorably impacted net sales by $53 million. This increase was partially offset by the impact of net foreign exchange rate fluctuations, which reduced net sales by $40 million. Changes in industry production volumes and vehicle platform mix were offset by the impact of selling price reductions. Segment earnings and the related margin on net sales were $53 million and 6.7% in the first three months of 2006 as compared to $59 million and 7.6% in the first three months of 2005. The impact of selling price reductions, inefficiencies associated with new program launch activity and low-cost country transition costs was largely offset by the benefit of our productivity initiatives and other efficiencies. During the first quarter of 2006, we also incurred costs related to our restructuring actions of $3 million.

RESTRUCTURING

In order to address unfavorable industry conditions, we began to implement consolidation and census actions in the second quarter of 2005. These actions are part 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.

In connection with the restructuring actions, we expect to incur pretax costs of approximately $250 million, although all aspects of the restructuring actions have 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 strategy are finalized. Actual costs recorded in our consolidated financial statements may vary from current estimates.

In connection with our restructuring actions, we recorded restructuring and related manufacturing inefficiency charges of $25 million in the first quarter of 2006, including $24 million recorded as cost of sales and $1 million recorded as selling, general and administrative expenses. Restructuring activities resulted in cash expenditures of $24 million in the first quarter of 2006. The first

quarter 2006 charges consist of employee termination benefits of $18 million and asset impairment charges of $1 million, as well as other costs of $4 million. We also estimate that we incurred approximately $2 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 machinery and equipment with carrying values of $1 million in excess of related estimated fair values. Restructuring costs in 2006 are estimated to be in the range of $120 to $150 million.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are to fund capital expenditures, service indebtedness and support working capital requirements. In addition, approximately 90% of the costs associated with our current restructuring strategy are expected to require 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, 2005.

In addition, we utilize uncommitted lines of credit as needed for our short-term working capital fluctuations. The availability of uncommitted lines of credit may be affected by our financial performance, credit ratings and other factors. Uncommitted lines of credit decreased by approximately $80 million in the first quarter of 2006. See “— Off-Balance Sheet Arrangements” and “— Accounts Receivable Factoring.”

Cash Flow

Cash flows from operating activities were $39 million in the first three months of 2006 as compared to $119 million in the first three months of 2005. The net change in working capital, including the net change in recoverable customer engineering and tooling, resulted in a $115 million decrease in cash provided by operating activities between periods. This was partially offset by the net change in sold accounts receivable, which resulted in a $38 million increase in cash provided by operating activities between periods. Increases in accounts receivable and accounts payable used cash of $428 million and generated cash of $104 million, respectively, in the first three months of 2006, reflecting an increase in net sales and the timing of payments received from our customers and made to our suppliers.

Cash flows used in investing activities were $65 million in the first three months of 2006 as compared to $134 million in the first three months of 2005. This decrease reflects a $37 million decline in capital expenditures, as well as cash received of $30 million related to the sales of our interests in two affiliates. Capital expenditures in 2006 are estimated at approximately $400 million, down from last year’s peak level due primarily to lower launch activity.

Cash flows used in financing activities were $22 million in the first three months of 2006 as compared to $29 million in the first three months of 2005. A decrease in cash used to repurchase common stock was partially offset by reduced borrowings/increased repayments of both short-term and long-term debt.

Capitalization

In addition to cash provided by operating activities, we utilize a combination of our amended and restated primary credit facility and long-term notes to fund our capital expenditures and working capital requirements. As of April 1, 2006 and April 2, 2005, our outstanding debt balance was $2.2 billion and $2.5 billion, respectively. For the three months ended April 1, 2006 and April 2, 2005, the weighted average long-term interest rate, including rates under our credit facility and the effect of hedging activities, was 6.7% and 6.9%, respectively.

We utilize uncommitted lines of credit as needed for our short-term working capital fluctuations. As of April 1, 2006 and April 2, 2005, our outstanding unsecured short-term debt balance was $18 million and $40 million, respectively. For the three months ended April 1, 2006 and April 2, 2005, the weighted average short-term interest rate, including the effect of hedging activities, was 4.8% and 3.4%, respectively.

Amended and Restated Primary Credit Facility

As of April 1, 2006, our amended and restated primary credit facility consisted of an amended and restated credit and guarantee agreement, which provided for maximum revolving borrowing commitments of $1.7 billion and was scheduled to mature on March 23, 2010, as well as a $400 million term loan facility, which was scheduled to mature on February 11, 2007. As of April 1, 2006 we had $400.0 million in borrowings outstanding under the amended and restated primary credit facility, all of which were outstanding under the term loan facility as well as $93 million committed under outstanding letters of credit.

On April 25, 2006, we entered into a $2.7 billion amended and restated credit and guarantee agreement (the “new credit agreement”), which provides for maximum revolving borrowing commitments of $1.7 billion and a term loan facility of $1.0 billion. The new credit agreement replaced our prior primary credit facility. The $1.7 billion revolving credit facility matures on March 23, 2010 and the $1.0 billion term loan facility matures on April 25, 2012. The new credit agreement provides for multicurrency borrowings in a maximum aggregate amount of $750 million, Canadian borrowings in a maximum aggregate amount of $200 million and swing-line borrowings in a maximum aggregate amount of $300 million, the commitments for which are part of the aggregate revolving credit facility commitment.

Of the $1.0 billion proceeds under the term loan facility, $400 million was used to repay the term loan facility under our prior primary credit facility, $317 million has been placed in a cash collateral account for the purpose of refinancing or repurchasing our outstanding zero-coupon convertible senior notes, $200 million has been placed in a cash collateral account for the purpose of refinancing or repurchasing a portion of our 2008 and 2009 senior note debt maturities and the remainder will be used for general corporate purposes. To the extent that the zero-coupon convertible senior notes are otherwise refinanced, the $317 million in the cash collateral account will remain in such account and instead be used to refinance or repurchase a portion of our 2008 and 2009 senior note debt maturities. To the extent that the 2008 and 2009 senior note debt maturities are otherwise refinanced following a refinancing or repurchasing of the zero-coupon convertible senior notes, all monies in the cash collateral accounts will be released to us for general corporate purposes. Our ability to utilize funds in the cash collateral accounts is subject to there being no default or event of default under the credit agreement governing the primary credit facility.

Our obligations under the new credit agreement are secured by a pledge of all or a portion of the capital stock of certain of our subsidiaries, including substantially all of our first-tier subsidiaries, and are partially secured by a security interest in our assets and the assets of certain of our domestic subsidiaries. In addition, our obligations under the new credit agreement are guaranteed, on a joint and several basis, by certain of our subsidiaries, which guarantee our obligations under our outstanding senior notes and all of which are directly or indirectly 100% owned by the Company.

The new credit agreement contains certain affirmative and negative covenants, including (i) limitations on fundamental changes involving us or our subsidiaries, asset sales and restricted payments, (ii) a limitation on our indebtedness with a maturity shorter than the term loan facility, (iii) a limitation on aggregate subsidiary indebtedness to an amount which is no more than 4% of our consolidated total assets, (iv) a limitation on aggregate secured indebtedness to an amount which is no more than $100 million and (v) requirements that we maintain an initial leverage ratio of not more than 4.25 to 1 with decreases over time and an initial interest coverage ratio of not less than 2.50 to 1 with increases over time (as such ratios are defined in the new credit agreement). As of April 1, 2006, we were in compliance with all covenants set forth in our new credit agreement and in our prior primary credit facility. Our leverage and interest coverage ratios were 2.7 to 1 and 4.4 to 1, respectively. These ratios are calculated on a trailing four quarter basis. As a result, any decline in our future operating results will negatively impact our coverage ratios.

Senior Notes

In addition to borrowings outstanding under our amended and restated primary credit facility, as of April 1, 2006, we had $1.8 billion of debt outstanding, including short-term borrowings, consisting primarily of $399 million aggregate principal amount of senior notes due 2014, $304 million accreted value of zero-coupon senior notes due 2022, Euro 250 million (approximately $300 million based on the exchange rate in effect as of April 1, 2006) aggregate principal amount of senior notes due 2008 and $800 million aggregate principal amount of senior notes due 2009.

All of our senior notes are guaranteed by the same subsidiaries that guaranteed the amended and restated primary credit facility and that now guarantee the new credit agreement. In the event that any such subsidiary ceases to be a guarantor under the new credit agreement, such subsidiary will be released as a guarantor of the senior notes. Our obligations under the senior notes are not secured by the pledge of the assets or capital stock of any of our subsidiaries.

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 April 1, 2006, we were in compliance with all covenants and other requirements set forth in our senior notes.

Zero-Coupon Convertible Senior Notes

In February 2002, we issued $640 million aggregate principal amount at maturity of zero-coupon convertible senior notes due 2022, yielding gross proceeds of $250 million. The notes are unsecured and rank equally with our other unsecured senior indebtedness, including our other senior notes. Each note of $1,000 principal amount at maturity was issued at a price of $391.06, representing a yield to maturity of 4.75%. Holders of the notes may convert their notes at any time on or before the maturity date at a conversion rate, subject to adjustment, of 7.5204 shares of our common stock per note, provided that the average per share price of our common stock for the 20 trading days immediately prior to the conversion date is at least a specified percentage, beginning at 120% upon issuance and declining 1/2% each year thereafter to 110% at maturity, of the accreted value of the note, divided by the conversion rate (the "Contingent Conversion Trigger"). The average per share price of our common stock for the 20 trading days immediately prior to April 1, 2006, was $17.36. As of April 1, 2006, the Contingent Conversion Trigger was $74.43. The notes are also convertible (1) if the long-term credit rating assigned to the notes by either Moody's Investors Service or Standard & Poor's Ratings Services is reduced below Ba3 or BB-, respectively, or either ratings agency withdraws its long-term credit rating assigned to the notes, (2) if we call the notes for redemption or (3) upon the occurrence of specified other events.

We have an option to redeem all or a portion of the notes for cash at their accreted value at any time on or after February 20, 2007. Should we exercise this option, holders of the notes could exercise their option to convert the notes into our common stock at the conversion rate, subject to adjustment, of 7.5204 shares per note. Holders may require us to purchase their notes on each of February 20, 2007, 2012 and 2017, as well as upon the occurrence of a fundamental change (as defined in the indenture governing the notes), at their accreted value on such dates. On August 26, 2004, we amended our outstanding zero-coupon convertible senior notes to require the settlement of any repurchase obligation with respect to the notes for cash only.

Contractual Obligations

Our scheduled maturities of long-term debt, including capital lease obligations, and our scheduled interest payments on our outstanding debt as of April 1, 2006, adjusted to reflect our new credit agreement, are shown below (in millions):

	2006	2007	2008	2009	2010	Thereafter	Total
Long-term debt maturities	$ 10.9	$ 328.4 [1]	$ 310.7	$ 801.0	$ 8.8	$ 1,385.9	$ 2,845.7 [2]
Interest payments on our outstanding debt	152.7	190.0	177.4	132.2	99.4	193.0	944.7 [3]

(1) Our zero-coupon convertible senior notes are reflected in the contractual obligations table above at their book value of $304 million as of April 1, 2006. Their accreted value as of February 20, 2007 (the first date at which holders may require us to purchase their notes) will be $317 million.

(2) Total long-term debt maturities reflect borrowings under our new term loan facility of $1.0 billion, which matures on April 25, 2012, and the repayment of our prior term loan facility of $400 million.

(3) Total interest payments on our outstanding debt reflect interest on borrowings under our new term loan facility at interest rates in effect as of the date of this Report.

For further information regarding our contractual obligations, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Financial Condition — Capitalization — Contractual Obligations," in our Annual Report on Form 10-K for the year ended December 31, 2005.

Off-Balance Sheet Arrangements

Asset-Backed Securitization Facility

We have in place an asset-backed securitization facility (the "ABS facility") which provides for maximum purchases of adjusted accounts receivable of $150 million. As of April 1, 2006, accounts receivable of $150 million were sold under this facility. Although we utilized the ABS facility throughout 2005, as of April 2, 2005, 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 level of aggregate 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 or elect not to utilize the ABS facility in the future. Should this occur, we would utilize our amended and restated primary credit facility to replace the funding currently provided by the ABS facility. In addition, the ABS facility providers can elect to discontinue the program in the event that our senior secured debt credit rating declines to below B- or B3 by Standard & Poor's Ratings Services or Moody's Investors Service, respectively.

Guarantees and Commitments

We guarantee the residual value of certain of our leased assets. As of April 1, 2006, 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 April 1, 2006, the aggregate amount of debt guaranteed was approximately $29 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 the condensed consolidated balance sheets. As of April 1, 2006 and December 31, 2005, the amount of factored receivables was $298 million and $256 million, respectively. 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 secured and unsecured debt as of the date of this Report are shown below. For our senior secured debt, the ratings of Standard & Poor's Rating Services and Fitch Ratings are four levels below investment grade, while the rating of Moody's Investors Service is five levels below investment grade. For our senior unsecured debt, the ratings of Standard & Poor's Rating Services and Moody's Investors Service are six levels below investment grade, while the rating of Fitch Ratings is four levels below investment grade.

	Standard & Poor's Ratings Services	Moody's Investors Service	Fitch Ratings
Credit rating of senior secured debt	B+	B2	B+
Corporate rating	B+	B2	B
Credit rating of senior unsecured debt	B-	B3	N/A
Ratings outlook	Negative	Negative	Negative

Dividends

A summary of 2006 dividend activity is shown below:

Dividend Amount	Declaration Date	Record Date	Payment Date
$0.25 per share	February 9, 2006	February 24, 2006	March 13, 2006

On March 29, 2006, our quarterly cash dividend program was suspended indefinitely. The payment of future dividends is dependent upon our financial condition, results of operations, capital requirements, alternative uses of capital and other factors. See "— Forward-Looking Statements." Also, we are subject to the restrictions on common stock repurchases contained in the credit agreement governing our new primary credit facility.

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. There were no shares repurchased under this program during the first three months of 2006. During the first three months 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. As of April 1, 2006, 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." Also, we are subject to the restrictions on common stock repurchases contained in the credit agreement governing our new primary credit facility.

Adequacy of Liquidity Sources

We believe that cash flows from operations and availability under our available credit facilities will be sufficient to meet our liquidity needs, including capital expenditures and anticipated working capital requirements, for the foreseeable future. Our cash flows from operations, borrowing availability and overall liquidity are subject to risks and uncertainties. See "— Executive Overview" above, "— Forward-Looking Statements" below and Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2005.

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 April 1, 2006. The potential earnings benefit related to net unhedged transactional exposures from a hypothetical 10% strengthening of the U.S. dollar relative to all other currencies for a twelve-month period is approximately $1 million. The potential earnings exposure related to net unhedged transactional exposures from a similar strengthening of the Euro relative to all other currencies for a twelve-month period is approximately $14 million.

As of April 1, 2006, foreign exchange contracts representing $2.5 billion of notional amount were outstanding with maturities of less than fifteen months. As of April 1, 2006, the fair market value of these foreign exchange contracts was approximately negative $11 million. A 10% change in the value of the U.S. dollar relative to all other currencies would result in a $54 million change in the aggregate fair market value of these contracts. A 10% change in the value of the Euro relative to all other currencies would result in a $55 million change in the aggregate 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”). In 2005, net sales outside of the United States accounted for 63% of our consolidated net sales. We do not enter into foreign currency 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 recorded as adjustments to interest expense in our condensed consolidated statements of income on an accrual basis.

We have performed a quantitative analysis of our overall interest rate exposure as of April 1, 2006. This analysis assumes an instantaneous 100 basis point parallel shift in interest rates at all points of the yield curve. The potential adverse pretax earnings impact from this hypothetical increase for a twelve-month period is approximately $13 million.

As of April 1, 2006, 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 variable rate debt instruments. 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 April 1, 2006, the fair market value of these contracts was approximately negative $13 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 2005 and continued to have an adverse impact on our operating results in the first quarter of 2006.

We have developed and implemented strategies to mitigate or partially offset the impact of higher raw material, energy 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, energy and commodity costs, these strategies, together with commercial negotiations with our customers and suppliers, offset only a portion of the adverse impact. We expect that high raw material, energy and commodity costs will continue to have an adverse impact on our operating results in the foreseeable future. See "— Forward-Looking Statements" and Item 1A, "Risk Factors – High raw material costs may continue to have a significant adverse impact on our profitability," in our Annual Report on Form 10-K for the year ended December 31, 2005.

OTHER MATTERS

Legal and Environmental Matters

We are involved from time to time in legal proceedings and claims, including, without limitation, commercial or contractual disputes with our suppliers and competitors. Largely as a result of generally unfavorable industry conditions and financial distress within the automotive supply base, we experienced an increase in commercial and contractual disputes, particularly with our suppliers. These disputes vary in nature and are usually resolved by negotiations between the parties.

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 January 26, 2004, we filed a patent infringement lawsuit against Johnson Controls Inc. and Johnson Controls Interiors LLC (together, "JCI") in the U.S. District Court for the Eastern District of Michigan alleging that JCI's garage door opener products infringed certain of our radio frequency transmitter patents. JCI counterclaimed seeking a declaratory judgment that the subject patents are invalid and unenforceable, and that JCI is not infringing these patents. JCI also has filed motions for summary judgment asserting that its garage door opener products do not infringe our patents. We are vigorously pursuing our claims against JCI and discovery is on-going. A trial in the case is currently scheduled for the second quarter of 2006.

After we filed our patent infringement action against JCI, affiliates of JCI sued one of our vendors and certain of the vendor's employees in Ottawa County, Michigan Circuit Court on July 8, 2004, alleging misappropriation of trade secrets. The suit alleges that the defendants misappropriated and shared with us trade secrets involving JCI's universal garage door opener product. JCI seeks to enjoin the defendants from selling or attempting to sell a competing product, as well as compensatory and exemplary damages in unspecified amounts. We are not a defendant in this lawsuit; however, the agreements between us and the defendants contain customary indemnification provisions. We do not believe that our garage door opener product benefited from any allegedly misappropriated trade secrets or technology. However, JCI has sought discovery of certain information which we believe is confidential and proprietary, and we have intervened in the case as a non-party for the limited purpose of protecting our rights with respect to JCI's discovery efforts. Discovery has been extended to July 2006. A trial date has not yet been scheduled.

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 were 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 were asserted against Ford only (not us) based upon different Chamberlain patents. The Chamberlain lawsuit was filed in connection with the marketing of our universal garage door opener system, which competes with a product offered by 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. JCI and Chamberlain have filed a motion for a preliminary injunction, which we are contesting. We are vigorously defending the claims asserted in this lawsuit. In addition, we filed a motion for summary judgment against JCI and Chamberlain on the ground that there is no infringement by our product. A trial date has not yet been scheduled.

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 our acquisition of UT Automotive 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.

All of the plaintiffs have dismissed their claims for health effects and personal injury damages without prejudice. There is the potential that these plaintiffs could seek separate counsel to re-file their personal injury claims. Currently, there are approximately 270 plaintiffs remaining in the lawsuits who are proceeding with property damage claims only. 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 April 2005, the court scheduled the first trial date for the first group of plaintiffs to commence in March 2006. The March 2006 trial date has since been continued until August 14, 2006.

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 a substantial portion of the resulting losses, if any. However, the ultimate outcome of these matters is unknown.

In the first quarter of 2006, UTC entered into a settlement agreement with the plaintiffs and filed a lawsuit against us in the State of Connecticut Superior Court, District of Hartford, seeking declaratory relief and indemnification from us for the settlement amount, attorney fees, costs and expenses UTC paid in settling and defending the Columbus, Mississippi lawsuits. We will vigorously defend this lawsuit and intend to reassert our indemnification claims against UTC and Johnson Electric.

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.

In February 2006, we received a subpoena from the SEC in connection with an ongoing investigation of General Motors Corporation by the SEC. This investigation has been previously reported by General Motors as involving, among other things, General Motors’ accounting for payments and credits by suppliers. The SEC subpoena seeks the production of documents relating to payments or credits by us to General Motors from 2001 to the present. We are cooperating with the SEC in connection with this matter.

In April 2006, a former employee of ours filed a purported class action lawsuit in the U.S. District Court for the Eastern District of Michigan against us, members of our Board of Directors, members of our Employee Benefits Committee and certain of our human resources personnel alleging violations of the Employment Retirement Income Security Act (ERISA) with respect to our retirement savings plans for salaried and hourly employees. The complaint alleges that the defendants breached their fiduciary duties to plan participants by, among other things, providing them with company matching contributions and offering them the option of investing in our common stock, which allegedly was not a prudent investment. Plaintiff purports to bring these claims on behalf of the plans and all persons who were participants in or beneficiaries of the plans from February 2, 2005 to the present and seeks to recover losses allegedly suffered by the plans. The complaint does not specify the amount of damages sought. No determination has been made that a class action can be maintained, and there have been no decisions on the merits of the case. We intend to vigorously defend this action.

Although we record reserves for legal, product warranty and environmental matters in accordance with Statement of Financial Accounting Standards No. 5, “Accounting for Contingencies,” the outcomes of these matters are inherently uncertain. Actual results may differ significantly from current estimates. See Item 1A, “Risk Factors.”

Certain Tax Matters

UT Automotive

Prior to our acquisition of UT Automotive from UTC in May 1999, one of our subsidiaries 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 proposed an adjustment to UTC’s tax treatment of the transaction seeking an increase in tax of approximately $88 million, excluding interest. In April 2005, a protest objecting to the proposed adjustment was filed with the IRS. The case was then referred to the Appeals Office of the IRS for an independent review. There have been several meetings and discussions with the IRS Appeals personnel in an attempt to resolve the case. Although we believe that valid support exists for UTC’s tax positions, we and UTC are currently in settlement negotiations with the IRS. 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.

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 as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on our historical experience, 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. However, they are subject to an inherent degree of uncertainty. As a result, actual results in these areas may differ significantly 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, 2005. There have been no significant changes in our significant accounting policies or critical accounting estimates during the first three months of 2006.

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. The effects of adoption were not 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 effects of adoption were not significant.

Financial Instruments

The FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statements No. 133 and 140.” This statement resolves issues related to the application of SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” to beneficial interests in securitized assets. The provisions of this statement are to be applied prospectively to all financial instruments acquired or issued during fiscal years beginning after September 15, 2006. We are currently evaluating the provisions of this statement but do not expect the effects of adoption to be significant.

The FASB issued SFAS No. 156 “Accounting for Servicing of Financial Assets – an amendment of FASB Statement No. 140.” This statement requires that all servicing assets and liabilities be initially measured at fair value. The provisions of this statement are to be applied prospectively to all servicing transactions beginning after September 15, 2006. We are currently evaluating the provisions of this statement but do not expect the effects of adoption to be significant.

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, events or developments that we expect or anticipate may occur in the future, including statements related to business opportunities, awarded sales contracts, sales backlog and net income per share growth 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;
- 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 productivity 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, including our ability to align our vendor payment terms with those of our customers;
- the finalization of our restructuring strategy;
- 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.

Finally, our agreement in principle to contribute our European interior business to a joint venture with WL Ross & Co. LLC is subject to the negotiation and execution of a definitive agreement and other conditions. No assurances can be given that the proposed transaction will be completed on the terms contemplated or at all.

The forward-looking statements in this Report 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.

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 Vice Chairman 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 Vice Chairman 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 April 1, 2006, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

Commercial Disputes

We are involved from time to time in legal proceedings and claims, including, without limitation, commercial or contractual disputes with our suppliers and competitors. Largely as a result of generally unfavorable industry conditions and financial distress within the automotive supply base, we experienced an increase in commercial and contractual disputes, particularly with our suppliers. These disputes vary in nature and are usually resolved by negotiations between the parties.

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 January 26, 2004, we filed a patent infringement lawsuit against Johnson Controls Inc. and Johnson Controls Interiors LLC (together, "JCI") in the U.S. District Court for the Eastern District of Michigan alleging that JCI's garage door opener products infringed certain of our radio frequency transmitter patents. JCI counterclaimed seeking a declaratory judgment that the subject patents are invalid and unenforceable, and that JCI is not infringing these patents. JCI also has filed motions for summary judgment asserting that its garage door opener products do not infringe our patents. We are vigorously pursuing our claims against JCI and discovery is on-going. A trial in the case is currently scheduled for the second quarter of 2006.

After we filed our patent infringement action against JCI, affiliates of JCI sued one of our vendors and certain of the vendor's employees in Ottawa County, Michigan Circuit Court on July 8, 2004, alleging misappropriation of trade secrets. The suit alleges that the defendants misappropriated and shared with us trade secrets involving JCI's universal garage door opener product. JCI seeks to enjoin the defendants from selling or attempting to sell a competing product, as well as compensatory and exemplary damages in unspecified amounts. We are not a defendant in this lawsuit; however, the agreements between us and the defendants contain customary indemnification provisions. We do not believe that our garage door opener product benefited from any allegedly misappropriated trade secrets or technology. However, JCI has sought discovery of certain information which we believe is confidential and proprietary, and we have intervened in the case as a non-party for the limited purpose of protecting our rights with respect to JCI's discovery efforts. Discovery has been extended to July 2006. A trial date has not yet been scheduled.

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 were 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 were asserted against Ford only (not us) based upon different Chamberlain patents. The Chamberlain lawsuit was filed in connection with the marketing of our universal garage door opener system, which competes with a product offered by 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. JCI and Chamberlain have filed a motion for a preliminary injunction, which we are contesting. We are vigorously defending the claims asserted in this lawsuit. In addition, we filed a motion for summary judgment against JCI and Chamberlain on the ground that there is no infringement by our product. A trial date has not yet been scheduled.

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 or other corrective actions 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 product warranty or 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 our acquisition of UT Automotive 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.

All of the plaintiffs have dismissed their claims for health effects and personal injury damages without prejudice. There is the potential that these plaintiffs could seek separate counsel to re-file their personal injury claims. Currently, there are approximately 270 plaintiffs remaining in the lawsuits who are proceeding with property damage claims only. 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 April 2005, the court scheduled the first trial date for the first group of plaintiffs to commence in March 2006. The March 2006 trial date has since been continued until August 14, 2006.

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 a substantial portion of the resulting losses, if any. However, the ultimate outcome of these matters is unknown.

In the first quarter of 2006, UTC entered into a settlement agreement with the plaintiffs and filed a lawsuit against us in the State of Connecticut Superior Court, District of Hartford, seeking declaratory relief and indemnification from us for the settlement amount, attorney fees, costs and expenses UTC paid in settling and defending the Columbus, Mississippi lawsuits. We will vigorously defend this lawsuit and intend to reassert our indemnification claims against UTC and Johnson Electric.

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.

In February 2006, we received a subpoena from the SEC in connection with an ongoing investigation of General Motors Corporation by the SEC. This investigation has been previously reported by General Motors as involving, among other things, General Motors’ accounting for payments and credits by suppliers. The SEC subpoena seeks the production of documents relating to payments or credits by us to General Motors from 2001 to the present. We are cooperating with the SEC in connection with this matter.

In April 2006, a former employee of ours filed a purported class action lawsuit in the U.S. District Court for the Eastern District of Michigan against us, members of our Board of Directors, members of our Employee Benefits Committee and certain of our human resources personnel alleging violations of the Employment Retirement Income Security Act (ERISA) with respect to our retirement savings plans for salaried and hourly employees. The complaint alleges that the defendants breached their fiduciary duties to plan participants by, among other things, providing them with company matching contributions and offering them the option of investing in our common stock, which allegedly was not a prudent investment. Plaintiff purports to bring these claims on behalf of the plans and all persons who were participants in or beneficiaries of the plans from February 2, 2005 to the present and seeks to recover losses allegedly suffered by the plans. The complaint does not specify the amount of damages sought. No determination has been made that a class action can be maintained, and there have been no decisions on the merits of the case. We intend to vigorously defend this action.

Prior to our acquisition of UT Automotive from UTC in May 1999, one of our subsidiaries 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 proposed an adjustment to UTC’s tax treatment of the transaction seeking an increase in tax of approximately $88 million, excluding interest. In April 2005, a protest objecting to the proposed adjustment was filed with the IRS. The case was then referred to the Appeals Office of the IRS for an independent review. There have been several meetings and discussions with the IRS Appeals personnel in an attempt to resolve the case. Although we believe that valid support exists for UTC’s tax positions, we and UTC are currently in settlement negotiations with the IRS. 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.

Although we record reserves for legal, product warranty and environmental matters in accordance with Statement of Financial Accounting Standards No. 5, “Accounting for Contingencies,” the outcomes of these matters are inherently uncertain. Actual results may differ significantly from current estimates. See Item 1A, “Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2005.

We are involved in certain other legal actions and claims arising in the ordinary course of business, including, without limitation, commercial 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 1A, “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," and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Matters," in our Annual Report on Form 10-K for the year ended December 31, 2005.

ITEM 1A – RISK FACTORS

There have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2005.

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

There were no shares repurchased under our common stock repurchase program during the quarter ended April 1, 2006. For information about this program, see Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Capitalization – Common Stock Repurchase Program."

ITEM 6 – EXHIBITS

The exhibits listed on the "Index to Exhibits" on page 43 are filed with this Form 10-Q or incorporated by reference as set forth below.

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: May 4, 2006

By: /s/ Robert E. Rossiter

Robert E. Rossiter
President and Chief Executive Officer

By: /s/ James H. Vandenberghe

James H. Vandenberghe
Vice Chairman and Chief Financial Officer

By: /s/ Matthew J. Simoncini

Matthew J. Simoncini
Vice President of Global Finance

LEAR CORPORATION

INDEX TO EXHIBITS

Exhibit Number	Exhibit
* 3.1	Certificate of Incorporation of Lear Automotive Dearborn, Inc., as amended.
* 3.2	By-laws of Lear Automotive Dearborn, Inc.
4.1	Supplemental Indenture No. 5 to the Indenture dated as of May 15, 1999, among Lear Corporation, the Guarantors set forth therein and The Bank of New York Trust Company, N.A. (as successor to The Bank of New York), as trustee (incorporated by reference to Exhibit 10.2 to the Company's Current Report of Form 8-K filed on April 25, 2006).
4.2	Supplemental Indenture No. 4 to the Indenture dated as of March 20, 2001, among Lear Corporation, the Guarantors set forth therein and The Bank of New York, as trustee (incorporated by reference to Exhibit 10.3 to the Company's Current Report of Form 8-K filed on April 25, 2006).
4.3	Supplemental Indenture No. 3 to the Indenture dated as of February 20, 2002, among Lear Corporation, the Guarantors set forth therein and The Bank of New York Trust Company, N.A. (as successor to The Bank of New York), as trustee (incorporated by reference to Exhibit 10.4 to the Company's Current Report of Form 8-K filed on April 25, 2006).
4.4	Supplemental Indenture No. 2 to the Indenture dated as of August 3, 2004, among Lear Corporation, the Guarantors set forth therein and The Bank of New York Trust Company, N.A. (as successor to BNY Midwest Trust Company, N.A.), as trustee (incorporated by reference to Exhibit 10.5 to the Company's Current Report of Form 8-K filed on April 25, 2006).
10.1	Amended and Restated Credit and Guarantee Agreement dated as of April 25, 2006, by and among Lear Corporation, Lear Canada, each Foreign Subsidiary Borrower (as defined therein), the Lenders party thereto, JPMorgan Chase Bank, N.A., as general administrative agent, and the other Agents named therein (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 25, 2006).
10.2 **	Form of Performance Share Award Agreement under the Lear Corporation Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 24, 2006).
* 31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
* 31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
* 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.
* 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.

* Filed herewith.

** Management contract or compensatory plan or arrangement

Exhibit 3.1

CERTIFICATE OF INCORPORATION OF UT AUTOMOTIVE DEARBORN, INC.

1. The name of the corporation is: UT Automotive Dearborn, Inc.

2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. The total number of shares of stock which the corporation shall have authority to issue is one hundred (100) and the par value of each of such shares is Ten Dollars ($10.00) amounting in the aggregate to One Thousand Dollars ($1,000.00).

5. The name and mailing address of the incorporator is as follows:

Name	Mailing Address
Lloyd D. Doigan	5200 Auto Club Drive Dearborn, Michigan 48126

The name and mailing address of each person who is to serve as a director until the first annual meeting of the stockholders or until a successor is elected and qualified, is as follows:

Name	Mailing Address
Masazumi Sone	5200 Auto Club Drive Dearborn, Michigan 48126
Michael O. Brown	5200 Auto Club Drive Dearborn, Michigan 48126
Rajesh K. Shah	5200 Auto Club Drive Dearborn, Michigan 48126
Lloyd D. Doigan	5200 Auto Club Drive Dearborn, Michigan 48126

6. The corporation is to have perpetual existence.

7. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, alter or repeal the by-laws of the corporation.

8. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time-to-time by the board of directors or in the by-laws of the corporation.

9. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

10. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this Certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 17th day of December, 1997.

/s/ Lloyd D. Doigan
Lloyd D. Doigan

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION

OF UT AUTOMOTIVE DEARBORN, INC.

(hereinafter called the "corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

1. The name of the corporation is UT AUTOMOTIVE DEARBORN, INC.

2. The certificate of incorporation of the corporation is hereby amended by

striking out Article 4 thereof and by substituting in lieu of said Article the following new Article 4:

> The total number of shares of stock that the corporation shall have authority to issue is three hundred (300) shares of common stock, par value of $10.00 per share (which includes the 100 shares of capital stock authorized in the original Certificate of Incorporation), and three hundred (300) shares of preferred stock, par value $.01 per share, with such terms as the Board of Directors shall determine.

3. The amendment of the certificate of incorporation herein certified has been

duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

Executed on this 11th day of March, 1999.

UT Automotive Dearborn, Inc.

By: /s/ William H. Trachsel
William H. Trachsel
Its Vice President

CERTIFICATE OF THE DESIGNATIONS, POWERS, PREFERENCES AND RELATIVE, PARTICIPATING OR OTHER RIGHTS, AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS THEREOF, OF

SERIES A 7% PREFERRED STOCK
($0.01 Par Value)
OF UT AUTOMOTIVE DEARBORN,

INC.

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

UT AUTOMOTIVE DEARBORN, INC., a Delaware corporation (the "Corporation"), does hereby certify that the following resolutions were duly adopted by the Board of Directors of the Corporation pursuant to authority conferred upon the Board of Directors by Article IV of the Certificate of Incorporation of the Corporation, which approved the Certificate of Designation of the preferred stock and authorized the issuance of up to 129 shares of preferred stock, by unanimous written consent of the Board of Directors dated March 11,.1999:

RESOLVED, that the Certificate of Designations of the Series A Preferred Stock be, hereby is, approved and adopted setting forth the relative rights, preference and powers of the Series A Preferred Stock, par value $.01 per share, of the Corporation.

Section 1. Number of Shares and Designation. Three Hundred (300) shares of the preferred stock, $0.01 par value, of the Corporation are hereby constituted as a series of the preferred stock designated as Series A Preferred Stock (the "Series A Preferred Stock"). Without the consent of the than current holders of shares of Series A Preferred Stock as provided for herein, the number of shares of Series A Preferred Stock may not be increased and may not be decreased below the number of then currently outstanding shares of Series A Preferred Stock.

Section 2. Definitions. For purposes of the Series A Preferred Stock, the following terms shall have the meanings indicated:

"Board of Directors" shall mean the board of directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series A Preferred Stock.

"Common Stock" shall mean the Common Stock of the Corporation, par value $10.00 per share.

"Issue Date" shall mean the first date on which shares of Series A Preferred Stock are issued.

Section 3. Dividends, (a) The holders of shares of the Series A Preferred Stock, in preference to the holders of Common Stock, shall be entitled to receive, when and if declared by the Board of Directors out of funds legally available therefore, dividends at a rate of 7% per share per annum on the Liquidation Preference (as defined below). Each such dividend shall be payable in arrears to the holders of record of shares of the Series A Preferred Stock, as they appear on the stock records of the Corporation at the close of business on such record date(s), not more than 60 days preceding the payment dates thereof, as shall be fixed by the Board of Directors.

(b) Except as provided in Section 5(a), holders of shares of Series A Preferred Stock called for redemption on a redemption date between a dividend payment record date and the dividend payment date shall not be entitled to receive the dividend payable on such dividend payment date.

(c) So long as any shares of the Series A Preferred Stock are outstanding, no dividends shall be declared or paid or set apart for payment on any class or series of stock of the Corporation ranking, as to dividends, on a parity with or junior to the Series A Preferred Stock, for any period, nor shall any shares ranking on a parity with or junior to the Series A Preferred Stock be redeemed or purchased by the

Corporation or any Subsidiary, unless dividends declared and paid on the Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Preferred Stock in accordance with paragraph (a) of this Section 3.

Section 4. Liquidation Preference, (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Common Stock or any other series or class or classes of stock of the Corporation ranking junior to the Series A Preferred Stock, upon liquidation, dissolution or winding up, the holders of the shares of Series A Preferred Stock shall be entitled to receive $ 1,000,000 per share plus an amount equal 10 all dividends declared and unpaid thereon to the date of final distribution to such holders; thereafter, such holders shall be entitled to share ratably with the holders of the shares of Common Stock as provided in paragraph (b) of this Section 4. If, upon any liquidation,

dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series A Preferred Stock, and any other shares of stock ranking, as to liquidation, dissolution or winding up, on a parity with the Series A Preferred Stock, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments in respect thereof, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series A Preferred Stock and any such other stock ratably in accordance with the respective amounts which would be payable on such shares of Series A Preferred Stock and any such other stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more corporations, (ii) a sale or transfer of all or substantially all of the Corporation’s assets or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

(b) Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to Series A Preferred Stock, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Series A Preferred Stock, as provided in paragraph (a) of -this Section 4, holders of shares of Series A Preferred Stock shall be entitled to share ratably with holders of shares of Common Stock and any other class or series entitled to participate with the Common Stock in the event of liquidation, dissolution or winding up, in any and all assets remaining to be paid or distributed.

Section 5. Redemption at the Option of the Corporation. (a) Series A Preferred Stock may not be redeemed by the Corporation prior to the fifth anniversary of the Issue Date. After the fifth anniversary of the Issue Date, the Corporation, at its option, may redeem the shares of Series A Preferred Stock, in whole or in part, for an aggregate redemption price of $1,000,000 per share plus an amount per share equal to declared and unpaid dividends, if any, to the date fixed for redemption, out of funds legally available therefore, at any time or from time to time, subject to the notice provisions and provisions for partial redemption described below.

(b) In the event the Corporation shall redeem shares of Series A Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 10 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder’s address as the same appears on the stock records of the Corporation, which notice shall be unconditional and irrevocable. Each such notice shall state: (1) the redemption date; (2) the number of shares of Series A Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the prompt payment of the redemption price), (i) the shares of the Series A Preferred Stock so called for redemption shall no longer be deemed

to be outstanding and (ii) all lights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price without interest thereon after the redemption date) shall cease. If the Corporation fails to provide money for the payment of the redemption price within 30 days after the redemption date, the redemption price shall accrue interest at the rate of 15% per annum.

Upon surrender in accordance with said notice of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price aforesaid. If fewer than all the outstanding shares of Series A Preferred Stock arc to be redeemed, shares to be redeemed shall be selected pro rata (as nearly as may be) by the Corporation from outstanding shares of Series A Preferred Stock not previously called for redemption. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

Section 6. Shares to be Retired. All shares of Series A Preferred Stock purchased or redeemed by the Corporation shall be retired and cancelled and shall be restored to the status of authorized but unissued shares of preferred stock, without designation as to series.

Section 7. Ranking. Any class or classes of stock of the Corporation shall be deemed to rank;

(i) prior to the Series A Preferred Stock, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Series A Preferred Stock;

(ii) on a parity with the Series A Preferred Stock, (A) as to dividends, if the holders of such class of stock and the Series A Preferred Stock shall be entitled to the receipt of dividends in proportion to their respective amounts of declared and unpaid dividends per share, without preference or priority one over the other, or (B) as to distribution of assets upon liquidation, dissolution or winding up, whether or not the redemption or liquidation prices per share thereof be different from those of the Series A Preferred Stock, if the holders of such class of stock and the Series A Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of liquidation prices, without preference or priority one over the other; and

(iii) junior to the Series A Preferred Stock, (A) as to dividends, if the holders of Series A Preferred Stock shall be entitled to die receipt of dividends in preference or priority to the holders of shares of such stock or (B) as to

distribution of assets upon liquidation, dissolution or winding up, if such stock shall be Common Stock or if the holders of Series A Preferred Stock shall be entitled to receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such stock.

Sections. Voting, (a) Except as herein provided or as otherwise from time to time required by law, holders of Series A Preferred Stock shall have no voting rights.

(b) So long as any shares of the Series A Preferred Stock remain outstanding, the consent of the holders of at least a majority of the shares of Series A Preferred Stock outstanding at the time given in person or by proxy, either in writing or at any special or annual meeting, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to Series A Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up;

(ii) the increase in the authorized or issued amount of Series A Preferred Stock; or

(iii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Certificate of Incorporation of the Corporation (including any of the provisions hereof) which would affect any right, preference or voting power of Series A Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized preferred stock or the creation and issuance of other series of preferred stock, or any increase in the amount of authorized shares of such series or of any other series of preferred stock, in each case ranking on a parity with or junior to the Series A Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to affect such rights, preferences or voting powers.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series A Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption, scheduled to be consummated within 30 days after such time.

Section 9- Record Holders. The Corporation may deem and treat the record holder of any shares of Series A Preferred Stock *as* the true and lawful owner thereof for all purposes, and the Corporation shall not be affected by any notice to the contrary.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by William H. Trachsel, its Vice President, this 11th day of March, 1999.

UT AUTOMOTIVE DEARBORN, INC.

By: /s/ William H. Trachsel
William H. Trachsel Vice President

CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION

UT Automotive Dearborn, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the Board, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

> RESOLVED, that the Certificate of Incorporation of UT Automotive Dearborn, Inc. be amended by changing the First Article thereof so that, as amended, said Article shall be and read as follows:
>
> FIRST: The name of the Corporation is “Lear Automotive Dearborn, Inc.”

SECOND: That in lieu of a meeting and vote of its sole stockholder, the stockholder has given unanimous written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said UT Automotive Dearborn, Inc. has caused this Certificate to be signed by its Vice President and Secretary this 28th day of May, 1999.

/s/ Joseph F. McCarthy
Joseph F. McCarthy

Exhibit 3.2

BY LAWS

ARTICLE I

OFFICES

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

Section 3. The nature of the business or purposes to be conducted or promoted exclusively in the State of Michigan are as follows:

1) to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware;

2) to protect the contributed assets from the Corporation's creditors;

3) to enhance the value of the contributed assets by isolating them in a business segment that can more readily devote resources to their maintenance;

4) to protect the assets of the Corporation from any lawsuits arising with respect to the contributed assets;

5) to facilitate ease in determining the value of the contributed assets, and the revenue derived therefrom, by isolating the assets in a business reporting segment separate from the bulk of the Corporation's operations;

6) to free the Corporation's management from the burden associated with maintaining and preserving the contributed assets;

7) to establish expertise as to matters involving the protection and maintenance of the contributed assets by centralizing the ownership of such assets in a business segment separate from the bulk of the Corporation's operations;

8) to improve transactional flexibility by centralizing the ownership of the contributed assets in a business segment more readily devoted to their exploitation. This would place the assets in a better position for potential expansion into third-party licensing; and

9) to facilitate access to the market for public capital if additional capital should be desired in the future.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in the City of Dearborn, State of Michigan, at such place as may be fixed from time to time by the board of directors, or at such other place either within, or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders, commencing with the year **1998,** shall be held on the second Tuesday of April if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:30 a.m., or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten, nor more than sixty, days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholder, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten, nor more than sixty, days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the certificate of incorporation each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less then unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be fixed from time to time by the board of directors. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery, may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings both regular and special, either within or without the State of Delaware.

Section 5. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the president on one day’s notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors unless the board consists of only one director; in which case special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole director.

Section 8. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.

Section 9. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 10. Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 11. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all of the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation’s property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation; and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 12. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 13. Unless otherwise restricted by the certificate of incorporation or these bylaws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

REMOVAL OF DIRECTORS

Section 14. Unless otherwise restricted by the certificate of incorporation or by law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

ARTICLE IV
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on *the* records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same persons unless the certificate of incorporation or these bylaws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, one or more vice-presidents, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI

CERTIFICATE OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation.

Section 2. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFER OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof! or to express consent to corporate action in writing without a meeting, or entitled to receive

payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting: provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

GENERAL PROVISIONS
DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stocks subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and

clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words “Corporate Seal, Delaware. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

INDEMNIFACTION OF OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND FIDUCIARIES; INSURANCE

Section 7. (a) The corporation may indemnify, in accordance with and to the **fu.ll** extent permitted by the laws of the State of Delaware as in effect at the time of the adoption of this Section 7 or as such laws may be amended from time to time, and shall so indemnify to the full extent permitted by such laws, any person (and the heirs and legal representatives of any such person) made or threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a director, officer, employee, agent or fiduciary of the corporation, any subsidiary of the corporation or any constituent corporation absorbed in a consolidation or merger, or serves as such with another corporation, or with a partnership, joint venture, trust or other enterprise at the request of the corporation, any subsidiary of the corporation or any such constituent corporation. The corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the board of directors of the corporation.

(b) By action of the board of directors notwithstanding any interest of the directors in such action, the corporation may purchase and maintain insurance in such amounts as the board of directors deems appropriate on behalf of any

person who is or was a director, officer, employee, agent or fiduciary of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation shall have the power to indemnify him against such liability under the provisions of this section.

ARTICLE VIII

AMENDMENTS

Section 1. These bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal bylaws is conferred upon the board of directors by the certificate of incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal bylaws.

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: May 4, 2006

By: /s/ Robert E. Rossiter

Robert E. Rossiter
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, James H. Vandenberghe, 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: May 4, 2006

By: /s/ James H. Vandenberghe

James H. Vandenberghe
Vice Chairman 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 April 1, 2006, 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: May 4, 2006

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 April 1, 2006, 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: May 4, 2006

Signed: /s/ James H. Vandenberghe

James H. Vandenberghe
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.