



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **January 27, 2003**

LEAR CORPORATION

(Exact name of Registrant as specified in its charter)

|   |  |   |
|---|--|---|
| <b>Delaware</b><br>(State or other<br>jurisdiction of<br>incorporation)                           | <b>1-11311</b><br>(Commission File Number) | <b>13-3386776</b><br>(IRS Employer<br>Identification<br>Number) |
| <b>21557 Telegraph Road, Southfield,<br/>Michigan</b><br>(Address of principal executive offices) |  | <b>48034</b><br>(Zip Code)                                      |

**(248) 447-1500**

(Registrant's telephone number, including area code)

**N/A**

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

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[EX-99.1 Press release issued January 27, 2003](#)

[EX-99.2 Slides from webcast call January 27, 2003](#)

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### **Item 5. Other Events and Regulation FD Disclosure**

On January 27, 2003, Lear Corporation issued a press release reporting its financial results for the fourth quarter and full year of 2002 and updating its earnings guidance for 2003. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

On January 27, 2003, Lear Corporation made available the slides attached hereto as Exhibit 99.2 in a webcast of its fourth quarter and year-end earnings call. Exhibit 99.2 is incorporated by reference herein.

### **Item 7. Financial Statements and Exhibits**

#### **(c) Exhibits**

|      |   |
|------|---|
| 99.1 | Press release issued January 27, 2003, filed herewith.  |
| 99.2 | Slides from the Lear Corporation webcast of its fourth quarter and year-end earnings call made on January 27, 2003, filed herewith. |

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**Signature**

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.

Date: January 27, 2003

**LEAR CORPORATION,**  
a Delaware corporation

By: /s/ David C. Wajsgras

\_\_\_\_\_  
Name: David C. Wajsgras  
Title: Senior Vice President and  
Chief Financial Officer

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**Exhibit Index**

| Number | Description   |
|--------|---|
| 99.1   | Press release issued January 27, 2003, filed herewith.  |
| 99.2   | Slides from the Lear Corporation webcast of its fourth quarter and year-end earnings call made on January 27, 2003, filed herewith. |

**Lear Reports Record Fourth-Quarter and Full-Year Net Sales;  
Provides First-Quarter and Full-Year 2003 Earnings Guidance**

**Southfield, Mich., January 27, 2003** — Lear Corporation [NYSE: LEA], the world's largest automotive interior systems supplier, today reported its financial results for the fourth quarter and full year of 2002 and updated its earnings guidance for 2003.

**Fourth-Quarter Highlights:**

- **Delivered record fourth-quarter net sales of \$3.8 billion, up 10%**
- **Earned \$1.76 per share, up 18% from prior year's adjusted basis**
- **Generated strong free cash flow of \$171 million**
- **Awarded first-ever total interior integrator program by General Motors**
- **Improved quality for third straight year in J.D. Power 2002 Seat Quality Report™**

For the fourth quarter of 2002, Lear posted net sales of \$3.8 billion, operating income of \$246.8 million and net income of \$118.0 million, or \$1.76 per share. For the fourth quarter of 2001, Lear reported net sales of \$3.4 billion, operating income of \$68.6 million and net loss of \$48.8 million, or \$0.76 per share. Excluding non-recurring items and goodwill amortization for the fourth quarter of 2001, Lear had adjusted operating income of \$217.8 million and adjusted net income of \$97.8 million, or \$1.49 per share.

“The Lear business model is based on understanding our customers’ needs and consistently exceeding their expectations,” said Bob Rossiter, chairman and chief executive officer of Lear Corporation. “Continued quality improvement, solid financial results and growth in our sales backlog, as well as the industry awards and customer recognition we have received, all indicate that our strategy is working.”

(more)

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Rossiter continued, "Without question, the major news from the fourth quarter was the award of the first-ever total interior integrator program from General Motors. This development, as well as new business with Asian automakers, led to an increase in our five-year sales backlog from \$3.6 billion to \$4.0 billion."

Net sales and operating income for the fourth quarter rose 10% and 13%, respectively, compared with the year-ago adjusted results, reflecting higher vehicle production in North America, the addition of new business globally and a stronger Euro, partially offset by lower Western European production and platform mix. Earnings per share were up 18% from comparable results a year ago, driven by higher sales, operating efficiencies and lower interest expense. Lear generated free cash flow of \$170.5 million during the quarter, a result of the strong earnings performance.

## **2002 Full-Year Results**

For the full year, Lear posted record net sales of \$14.4 billion, up 6% from 2001, reflecting higher vehicle production in North America and the addition of new business globally, partially offset by lower production levels in Western Europe and South America and unfavorable mix. Reported operating income for 2002 was \$743.1 million, and net income was \$13.0 million, or \$0.19 per share. Excluding the cumulative effect of a change in accounting for goodwill, net income was \$311.5 million, or \$4.65 per share.

Compared with 2001, adjusted operating income rose \$63.2 million. Adjusted earnings per share were up \$0.92, or 25%, reflecting higher sales, operating efficiencies and lower interest expense. For 2002, free cash flow was \$394.7 million, allowing the Company to further reduce its debt.

## **2003 Outlook**

For the first quarter of 2003, the Company estimates net sales will be up 6% to 8% from the year-earlier period, reflecting the addition of new business and a stronger Euro. Higher industry production in North America is expected to offset lower industry production and unfavorable mix in Western Europe. We currently project a corporate tax rate of 30% for 2003. Given these assumptions, we expect earnings in the range of \$0.90 to \$1.00 per share, capital spending of approximately \$100 million and free cash flow of approximately \$50 million.

For the full year, the Company estimates net sales to be approximately \$15 billion, compared with \$14.4 billion in 2002. The increase primarily reflects the addition of new business globally and a stronger Euro, partially offset by lower vehicle production in North America (16.0 million units versus 16.4 million units); Western Europe is expected to be essentially flat at around 16 million units. Given this industry outlook and our lowered tax rate, we expect earnings in the range of \$5.20 to \$5.40 per share. Full year capital spending is forecast at approximately \$300 million and free cash flow is estimated to be approximately \$400 million.



Lear Corporation, a Fortune 150 company headquartered in Southfield, Mich., USA, focuses on integrating complete automotive interiors, including seat systems, interior trim and electrical systems. With annual net sales of \$14.4 billion in 2002, Lear is the world's largest automotive interior systems supplier. The company's world-class products are designed, engineered and manufactured by 115,000 employees in more than 300 facilities located in 33 countries. Additional information about Lear and its products is available on the Internet at [www.lear.com](http://www.lear.com).

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to general economic conditions in the markets in which the Company operates, including changes in interest rates and fuel prices, fluctuations in the production of vehicles for which the Company is a supplier, labor disputes involving the Company or its significant customers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, increases in warranty costs, risks associated with conducting business in foreign countries, fluctuations in currency exchange rates, adverse changes in economic conditions or political instability in the jurisdictions in which the Company operates, competitive conditions impacting the Company's key customers, raw material cost and availability, unanticipated changes in free cash flow and other risks detailed from time to time in the Company's Securities and Exchange Commission filings. These forward-looking statements are made as of the date hereof, and Lear does not assume any obligation to update them.

###

**Lear Corporation and Subsidiaries**  
**Consolidated Statements of Income**  
(In millions, except per share amounts)

|  | Three Months Ended  |              |                   |                |
|--|---------------------|--------------|-------------------|----------------|
|  | December 31, 2002   |              | December 31, 2001 |                |
|  | Reported            | Adjusted     | Reported          | Adjusted (j)   |
| Net sales  | \$ 3,760.4          | \$ 3,760.4   | \$ 3,405.0        | \$ 3,405.0     |
| Cost of goods sold   | 3,386.3             | 3,386.3      | 3,206.7           | (b) 3,065.3    |
| Selling, general and administrative expenses   | 127.3               | 127.3        | 129.7             | (b) 121.9      |
| Amortization of goodwill   | —                   | —            | 23.0              | (c) —          |
| Interest expense   | 50.6                | 50.6         | 61.3              | 61.3           |
| Other expense, net   | 18.7                | 18.7         | 23.7              | (d) 12.5       |
| Income (loss) before income taxes  | 177.5               | 177.5        | (39.4)            | 144.0          |
| Income taxes   | 59.5                | 59.5         | 9.4               | (b-d) 46.2     |
| Net income (loss)  | \$ 118.0            | \$ 118.0     | \$ (48.8)         | \$ 97.8        |
| Diluted net income (loss) per share  | \$ 1.76             | \$ 1.76      | \$ (0.76)         | \$ 1.49        |
| Weighted average number of shares outstanding — diluted                              | 67.1                | 67.1         | 64.2              | 65.6           |
|  | Twelve Months Ended |              |                   |                |
|  | December 31, 2002   |              | December 31, 2001 |                |
|  | Reported            | Adjusted (i) | Reported          | Adjusted (j)   |
| Net sales  | \$ 14,424.6         | \$ 14,424.6  | \$ 13,624.7       | \$ 13,624.7    |
| Cost of goods sold   | 13,164.3            | 13,164.3     | 12,589.9          | (b,e) 12,443.5 |
| Selling, general and administrative expenses   | 517.2               | 517.2        | 514.2             | (b,e) 501.3    |
| Amortization of goodwill   | —                   | —            | 90.2              | (c) —          |
| Interest expense   | 214.0               | 214.0        | 270.9             | (f) 267.9      |
| Other expense, net   | 60.6                | 60.6         | 69.6              | (d,g,h) 54.7   |
| Income before income taxes and cumulative effect of a change in accounting principle | 468.5               | 468.5        | 89.9              | 357.3          |
| Income taxes   | 157.0               | 157.0        | 63.6              | (b-h) 114.0    |
| Income before cumulative effect of a change in accounting principle                  | 311.5               | 311.5        | 26.3              | 243.3          |
| Cumulative effect of a change in accounting principle, net of tax                    | 298.5               | (a) —        | —                 | —              |
| Net income   | \$ 13.0             | \$ 311.5     | \$ 26.3           | \$ 243.3       |
| Diluted net income per share   |                     |              |                   |                |
| Income before cumulative effect of a change in accounting principle                  | \$ 4.65             | \$ 4.65      | \$ 0.40           | \$ 3.73        |
| Cumulative effect of a change in accounting principle                                | 4.46                | (a) —        | —                 | —              |
| Diluted net income per share   | \$ 0.19             | \$ 4.65      | \$ 0.40           | \$ 3.73        |
| Weighted average number of shares outstanding — diluted                              | 67.1                | 67.1         | 65.3              | 65.3           |

(a) - (j) See additional disclosures

**Lear Corporation and Subsidiaries**  
**Additional Disclosures**

The Company has included Adjusted financial information because management believes that the information may be useful to investors in assessing the Company's operating performance on a comparable basis between the 2002 and 2001 periods. The Company also uses this information for this purpose. However, the Adjusted financial information should not be viewed as a substitute for financial measures determined under generally accepted accounting principles. Also, certain amounts in the 2001 financial statements have been reclassified to conform to the presentation used in 2002.

- (a) On January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." Under this statement, goodwill is no longer amortized but is subject to annual impairment analysis (see note (c)). The Company's initial impairment analysis compared the fair values of each of its reporting units, based on discounted cash flow analyses, to the related net book values. As a result, the Company recorded impairment charges of \$310.8 million (\$298.5 million after-tax or \$4.46 per share) as of January 1, 2002. These charges are reflected as a cumulative effect of a change in accounting principle, net of tax in the consolidated statement of income for the year ended December 31, 2002.
- (b) In December 2001, the Company recorded severance, asset impairment and other facility closure charges of \$149.2 million (\$110.2 million after-tax or \$1.68 per share for the fourth quarter and \$1.69 per share for the full year) related to restructuring plans.
- (c) The three month and twelve month 2001 "Reported" results have not been restated to reflect the elimination of amortization of goodwill under SFAS No. 142, "Goodwill and Other Intangible Assets." The three month and twelve month 2001 "Adjusted" results have been presented as if SFAS No. 142 had been adopted as of January 1, 2001. The amortization of goodwill was \$23.0 million (\$26.1 million after-tax or \$0.39 per share) for the three months ended December 31, 2001 and \$90.2 million (\$83.2 million after-tax or \$1.28 per share) for the twelve months ended December 31, 2001.
- (d) In the fourth quarter of 2001, the Company completed the sales of a plastics molding facility in Sweden, an interior acoustics facility in the U.S. and the metal seat frame portion of a facility in Poland. These sales were completed for \$5.9 million and, combined with favorable post-closing settlements on prior dispositions, resulted in a net loss of \$11.2 million (\$10.3 million after-tax or \$0.16 per share for the fourth quarter and full year).
- (e) During 2001, the Company completed actions to reduce its cost base. The non-recurring costs, comprised of severance costs less the associated savings, were recorded in cost of goods sold and selling, general and administrative expenses in the amounts of \$5.0 million and \$5.1 million, respectively. The net after-tax charge related to these severance actions was \$6.1 million or \$.09 per share.
- (f) During the first quarter of 2001, the Company made the initial draws under an asset-backed securitization. Approximately \$3.0 million in non-recurring expenses were incurred as a result of the transaction. The after-tax impact of these expenses was \$1.8 million or \$0.03 per share.
- (g) In March 2001, the Company completed the sale of its Spanish wire business for \$35.5 million, resulting in a gain of \$12.4 million (\$5.6 million after-tax). This gain was partially offset by a \$3.1 million charge recorded to write down certain long-lived assets to net realizable value. The net result of these transactions was a \$9.3 million gain (\$2.5 million after-tax of \$0.04 per share).
- (h) On March 31, 2002, the Company adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections." Under this statement, gains and losses associated with the extinguishment of debt are no longer classified as extraordinary. As such, the redemption premium and the write-off of deferred financing fees of \$12.0 million (\$7.3 million after-tax or \$0.11 per share) related to the Company's redemption of its 9.50% subordinated notes due 2006 in August 2001 and the write-off of deferred financing fees of \$1.0 million (\$0.6 million after-tax or \$.01 per share) related to the Company's amendment and restatement of its \$2.1 billion credit agreement in March 2001 are included in other expense, net in the consolidated statement of income for the twelve months ended December 31, 2001.
- (i) Excludes the impact of item (a) above.
- (j) Excludes the impact of items (b) through (h) above.

**Lear Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
(In millions)

|  | December 31, 2002 | December 31, 2001 |
|--|-------------------|-------------------|
| <b><u>ASSETS</u></b>                               |                   |                   |
| <b>Current:</b>                                    |                   |                   |
| Cash and cash equivalents                          | \$ 91.7           | \$ 87.6           |
| Accounts receivable, net                           | 1,508.0           | 1,392.8           |
| Inventories  | 489.7             | 440.3             |
| Recoverable customer engineering and tooling       | 153.2             | 191.6             |
| Other  | 265.1             | 254.5             |
|  | 2,507.7           | 2,366.8           |
| <b>Long-Term:</b>                                  |                   |                   |
| PP&E, net  | 1,710.6           | 1,715.7           |
| Goodwill, net                                      | 2,860.4           | 3,139.5           |
| Other  | 404.3             | 357.2             |
|  | 4,975.3           | 5,212.4           |
| <b>Total Assets</b>                                | \$ 7,483.0        | \$ 7,579.2        |
| <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b> |                   |                   |
| <b>Current:</b>                                    |                   |                   |
| Short-term borrowings                              | \$ 37.3           | \$ 63.2           |
| Accounts payable and drafts                        | 1,966.4           | 1,982.9           |
| Accrued liabilities                                | 1,037.6           | 1,007.2           |
| Current portion of long-term debt                  | 3.9               | 129.5             |
|  | 3,045.2           | 3,182.8           |
| <b>Long-Term:</b>                                  |                   |                   |
| Long-term debt                                     | 2,132.8           | 2,293.9           |
| Other  | 642.7             | 543.4             |
|  | 2,775.5           | 2,837.3           |
| <b>Stockholders' Equity:</b>                       | 1,662.3           | 1,559.1           |
| <b>Total Liabilities and Stockholders' Equity</b>  | \$ 7,483.0        | \$ 7,579.2        |

**Lear Corporation and Subsidiaries**  
**Supplemental Data**  
(Unaudited; in millions, except content per vehicle data)

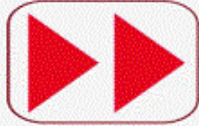
|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | December 31, 2002  | December 31, 2001 |
| <b><u>Net Sales</u></b>                    |                    |                   |
| U.S. and Canada                            | \$ 2,187.9         | \$ 1,958.5        |
| Europe                                     | 1,203.0            | 1,094.9           |
| Rest of World                              | 369.5              | 351.6             |
| <b>Total</b>                               | <b>\$ 3,760.4</b>  | <b>\$ 3,405.0</b> |
| <b><u>Reported</u></b>                     |                    |                   |
| Operating income                           | \$ 246.8           | \$ 68.6           |
| Goodwill amortization                      | —                  | (23.0)            |
| <b>Operating income after amortization</b> | <b>\$ 246.8</b>    | <b>\$ 45.6</b>    |
| <b><u>Adjusted</u></b>                     |                    |                   |
| Operating income                           | \$ 246.8           | \$ 217.8          |
| <b><u>Content Per Vehicle*</u></b>         |                    |                   |
| North America                              | \$ 606             | \$ 572            |
| Western Europe                             | 290                | 256               |
| South America                              | 74                 | 90                |
| <b>Depreciation</b>                        | <b>\$ 78.0</b>     | <b>\$ 74.8</b>    |
| <b>Capital Expenditures</b>                | <b>\$ 99.3</b>     | <b>\$ 109.6</b>   |

|  | Twelve Months Ended |                    |
|--|---------------------|--------------------|
|  | December 31, 2002   | December 31, 2001  |
| <b><u>Net Sales</u></b>                    |                     |                    |
| U.S. and Canada                            | \$ 8,507.3          | \$ 7,932.7         |
| Europe                                     | 4,466.1             | 4,261.9            |
| Rest of World                              | 1,451.2             | 1,430.1            |
| <b>Total</b>                               | <b>\$ 14,424.6</b>  | <b>\$ 13,624.7</b> |
| <b><u>Reported</u></b>                     |                     |                    |
| Operating income                           | \$ 743.1            | \$ 520.6           |
| Goodwill amortization                      | —                   | (90.2)             |
| <b>Operating income after amortization</b> | <b>\$ 743.1</b>     | <b>\$ 430.4</b>    |
| <b><u>Adjusted</u></b>                     |                     |                    |
| Operating income                           | \$ 743.1            | \$ 679.9           |
| <b><u>Content Per Vehicle*</u></b>         |                     |                    |
| North America                              | \$ 577              | \$ 572             |
| Western Europe                             | 262                 | 240                |
| South America                              | 82                  | 99                 |
| <b>Depreciation</b>                        | <b>\$ 301.0</b>     | <b>\$ 302.0</b>    |
| <b>Capital Expenditures</b>                | <b>\$ 272.6</b>     | <b>\$ 267.0</b>    |

\* Content Per Vehicle for 2001 has been updated to reflect actual production levels.

###

**January 27, 2003**



advance relentlessly

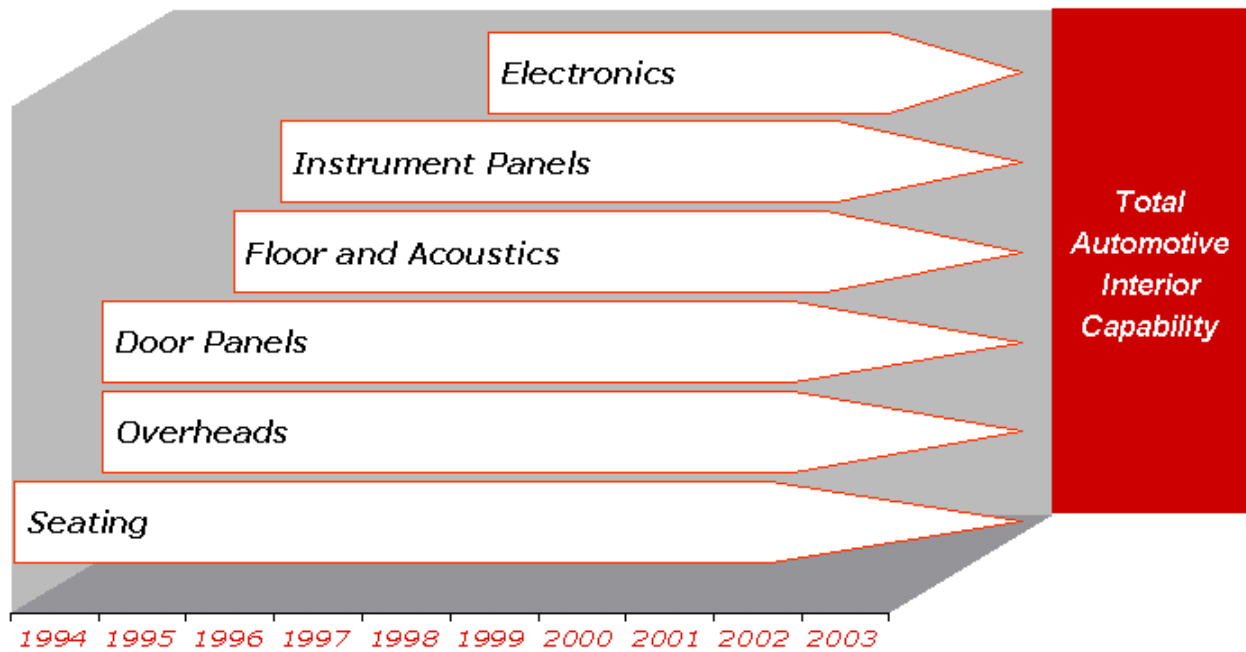
***Fourth Quarter and Full Year 2002  
Earnings Review and Guidance for 2003***

- I. Strategic Overview**  
**Bob Rossiter, Chairman & CEO**
  
- II. Customer Focus Driving Growth**  
**Jim Vandenberghe, Vice Chairman**
  
- III. Financial Review and 2003 Outlook**  
**Dave Wajsgas, SVP & CFO**
  
- IV. Q & A**

# ***Strategic Overview***



# We've Steadily Increased our Automotive Interior Capabilities



***Transformation from Seat Manufacturer to Integrator of Complete Automotive Interiors***

### Means Moving...

---

| <u>From</u>           |   | <u>To</u>                |
|-----------------------|---|--------------------------|
| INTERNAL FOCUS        |    | CUSTOMER FOCUS           |
| SUPPLIER              |    | STRATEGIC PARTNER        |
| SPECIFICATIONS        |    | COLLABORATIVE APPROACHES |
| PIECE PRICE CONTRACTS |    | VALUE-ADDED SERVICES     |
| BUILD-TO-PRINT        |    | FULL R&D CAPABILITY      |
| OPERATING EFFICIENCY  |    | SUPPLY-CHAIN MANAGEMENT  |
| MANUFACTURER          |  | SYSTEMS INTEGRATOR       |

### Overall Market

- Stable U.S. and W. Europe economic situation
- Equity markets “nervous” about geopolitical events

### Automotive Sector

- ‘Trend’ N.A. production outlook -- 16 million units
- Keen OEM focus on improving interiors
- Increasingly cooperative OEM initiatives
- Beginning to move toward total interiors outsourcing; led by GM

### “The Lear Advantage”

- Experienced and motivated team
- Continuous improvements in quality
- Leading global market position
- Total interior capability
- Financial returns improving with strong cash flow

### **A Focus on the Customer... and Cash**

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- Continued to improve quality
- Further strengthened customer relationships
- Awarded first-ever total interior integrator program by General Motors
- Growing our business with Asian OEMs; Backlog now at highest level ever
- Delivered record net sales and solid financial results overall
- Continued to generate cash and reduce our debt

***Another Year of Solid Operating and Financial Performance;  
Lear is Well Positioned for Growth Going Forward***

## ***Customer Focus Driving Growth***

- |                      |  |
|----------------------|--|
| <u>North America</u> | - Leverage our leadership position in total interiors      |
| <u>Europe</u>        | - Improve our business structure and grow our market share |
| <u>Rest of World</u> | - Aggressively expand our presence with Asian OEMs         |

***Pursue Profitable Growth Worldwide***

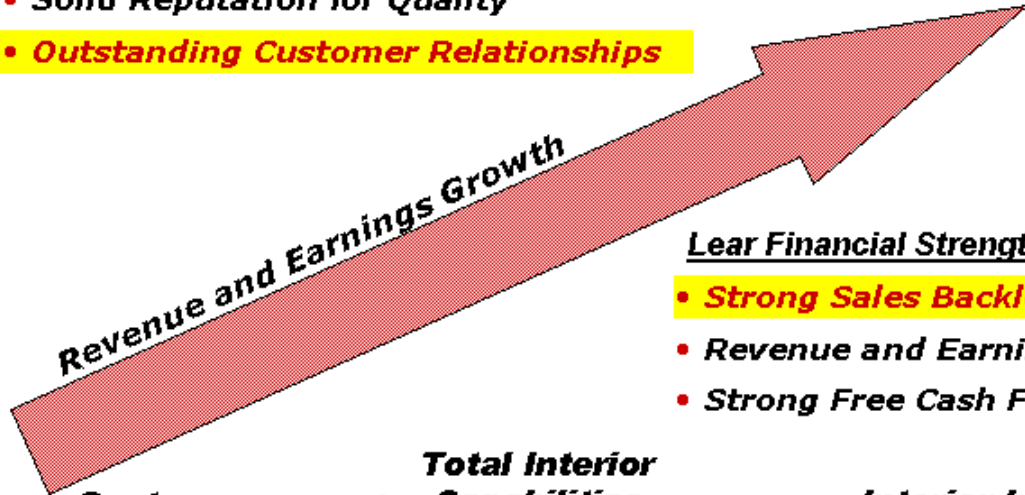
# Lear Strategic Roadmap - - Advance Relentlessly



## Lear Operating Strengths

- *Leading Global Market Position*
- *Diversified Customer Base*
- *Solid Reputation for Quality*
- ***Outstanding Customer Relationships***

**Premier  
Automotive  
Supplier**



## Lear Financial Strengths

- ***Strong Sales Backlog***
- *Revenue and Earnings Growth*
- *Strong Free Cash Flow*

**Seats** → **Total Interior Capabilities** → **Interior Integration**

| <b><i>General Motors</i></b>  | <b><i>Ford</i></b>   | <b><i>European OEMs</i></b>                                       |
|---|--|---|
| <b><i>Cadillac SRX</i></b><br>Seats, interior trim, flooring, dash insulator, lift-gate | <b><i>Ford F-Series</i></b><br>Seats, cockpit assembly, flooring, door panels    | <b><i>Volvo XC 90</i></b><br>Seats, I/P, door panels, electronics |
| <b><i>Cadillac XLR</i></b><br>Seats, electronics  | <b><i>Lincoln Aviator</i></b><br>Climate-controlled seats                        | <b><i>Opel Vectra</i></b><br>Seats, trim, electronics             |
| <b><i>Chevrolet Malibu</i></b><br>Electronics   | <b><i>Ford Mustang</i></b><br>Seats  | <b><i>Saab 9-3</i></b><br>Seats, I/P, electronics, interior trim  |
| <b><i>GMC Envoy XUV</i></b><br>Door panels, mid-gate, console                           | <b><i>DaimlerChrysler</i></b>  | <b><i>Fiat Punto</i></b><br>Seats, interior trim                  |
| <b><i>Pontiac Grand Prix</i></b><br>Seats, electronics                                  | <b><i>Dodge Durango</i></b><br>Seats, flooring, O/H, electronics, dash insulator | <b><i>Citroen C2</i></b><br>Seats                                 |
| <b><i>Buick Ranier</i></b><br>Door panels, console                                      | <b><i>Chrysler Pacifica</i></b><br>Door panels, interior trim                    | <b><i>Asian OEMs</i></b>  |
|   |  | <b><i>Toyota Sienna</i></b><br>Seats, door panels                 |
|   |  | <b><i>Nissan Maxima</i></b><br>Interior trim                      |
|   |  | <b><i>Mazda RX-8</i></b><br>Total interior (Systems Integrator)   |



## *Cadillac SRX*



*Seats*  
*Flooring*  
*Interior Trim*  
*Dash Insulator*  
*Lift-gate*

## *Ford F-Series*



***Seats***  
***Door Panels***  
***Flooring***  
***Cockpit Assembly***



*Dodge Durango*

*Seats*  
*Flooring*  
*Overhead*  
*Electronics*  
*Dash Insulator*



*Volvo XC 90*



*Seats*  
*Door Panels*  
*Electronics*  
*Instrument Panel*

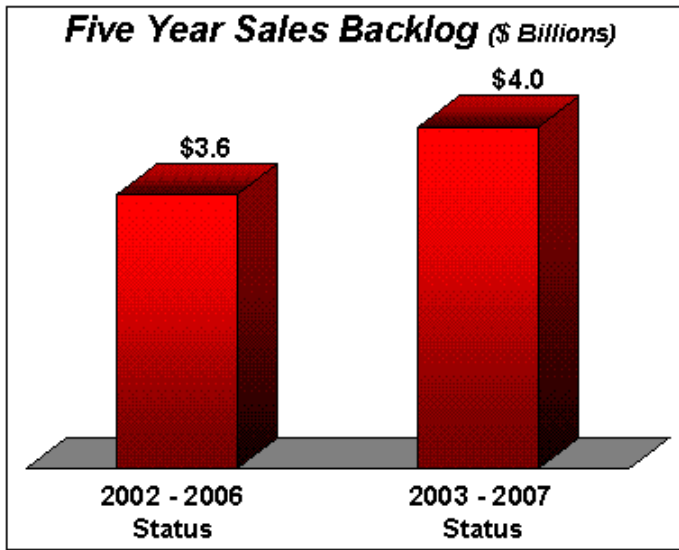




*Toyota Sienna*

*Seats*  
*Door Panels*





### ***Major Areas of Growth***

- Total interior integrator program
- New business with Asian OEMs
- Growing electronics
- New IP and cockpit programs

### **Total Interior Integrator**

- **First program of this type ever awarded by General Motors**

### **New Business w/ Asian OEMs**

- **Hyundai Sonata/Santa Fe**  
(Seats, electrical)
- **Honda Pilot/Element**  
(Overhead, electrical, floor & acoustics)
- **Nissan Maxima**  
(Interior trim)

### **Electronics**

- **Chevrolet Impala**  
(Wiring)
- **Saturn ION**  
(Wiring, switches)
- **Ford Taurus, Sportrac, Ranger**  
(Smart junction box)

### **IPs and Cockpits**

- **DCX C-Segment/Dakota**  
(Instrument panels)
- **Volvo V70**  
(Cockpit assembly)

***Leveraging Total Interior Capability to Win New Business***

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## Lear Progressing from Systems Integrator to Total Interior Integrator

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|                      | <b><u>Systems Integrator</u></b> | <b><u>Total Interior Integrator (TI)</u></b> |
|----------------------|----------------------------------|--|
| <i>Design</i>        | <i>OEM Lead</i>                  | <i>Supplier Lead</i>                         |
| <i>Engineering</i>   | <i>Shared</i>                    | <i>Supplier Lead</i>                         |
| <i>Sourcing</i>      | <i>OEM Directed</i>              | <i>Supplier Lead</i>                         |
| <i>Manufacturing</i> | <i>Supplier</i>                  | <i>Supplier</i>                              |
| <i>Sub-Assembly</i>  | <i>Supplier</i>                  | <i>Supplier</i>                              |
| <i>Sequencing</i>    | <i>Supplier</i>                  | <i>Supplier</i>                              |

***A single supplier responsible for the design, engineering, sourcing, integration, manufacturing, sub-assembly and sequencing of the total vehicle interior (excluding certain directed items such as HVAC, safety and restraints, etc.)***



**Key Program Physicals**

- Estimated annual Lear net sales of \$825 million
- Lear to provide total interior, including electrical distribution system
- Lear content to be produced in existing facilities

**Status**

- Design phase well underway -- clay models presently being developed by Lear
- Sourcing matrix being developed by Lear

***This Award Recognizes Lear's Full Capabilities***

## ***Financial Review and 2003 Outlook***

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**Financial Highlights - Full Year 2002**

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- Record net sales of \$14.4 billion, up 6% from 2001
- Earnings of \$4.65 per share, up 25% from prior year \*
- Operating margin of 5.2%, up 20 basis points
- Return on invested capital near 10%, up 150 basis points
- Strong free cash flow of \$395 million
- Net debt to capitalization ratio improved by 5 percentage points to 58%

***Another Year of Solid Financial Performance***

\* Adjusted basis

# Financial Review



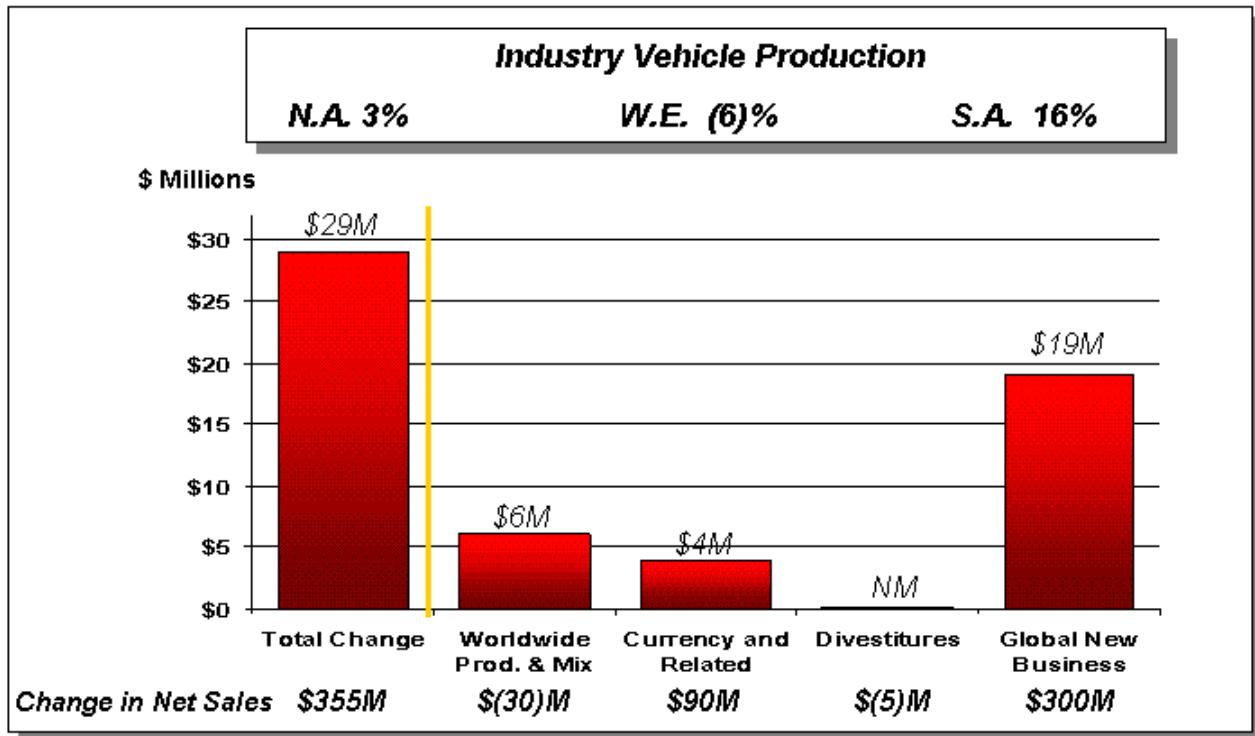
## Financial Highlights - Fourth Quarter 2002

| (\$ in millions, except EPS)    | Fourth Quarter 2002 |             | Fourth Quarter 2001 |  |
|---------------------------------|---------------------|-------------|---------------------|--|
|                                 | Reported/Adjusted   | Reported    | Adjusted *          |  |
| <b>Net Sales</b>                | \$ 3,760.4 ✓        | \$ 3,405.0  | \$ 3,405.0          |  |
| <b>Operating Income</b>         | \$ 246.8            | \$ 68.6     | \$ 217.8            |  |
| <b>O/I Margin</b>               | 6.6 %               | 2.0 %       | 6.4 %               |  |
| <b>Net Income</b>               | \$ 118.0            | \$ ( 48.8 ) | \$ 97.8             |  |
| <b>EPS</b>                      | \$ 1.76 ✓           | \$ ( .76 )  | \$ 1.49             |  |
| <b>SG&amp;A % of Sales</b>      | 3.4 %               | 3.8 %       | 3.6 %               |  |
| <b>Interest Expense</b>         | \$ 50.6             | \$ 61.3     | \$ 61.3             |  |
| <b>Other Expense, Net</b>       | \$ 18.7             | \$ 23.7     | \$ 12.5             |  |
| <b>Vehicle Production (000)</b> |                     |             |                     |  |
| North America                   | 3,942               | 3,837       |                     |  |
| Western Europe                  | 3,811               | 4,039       |                     |  |

✓ Fourth Quarter record

\* Excludes impact of goodwill amortization, restructuring charge and divestitures

**4Q02 versus 4Q01 - Change in Operating Income**



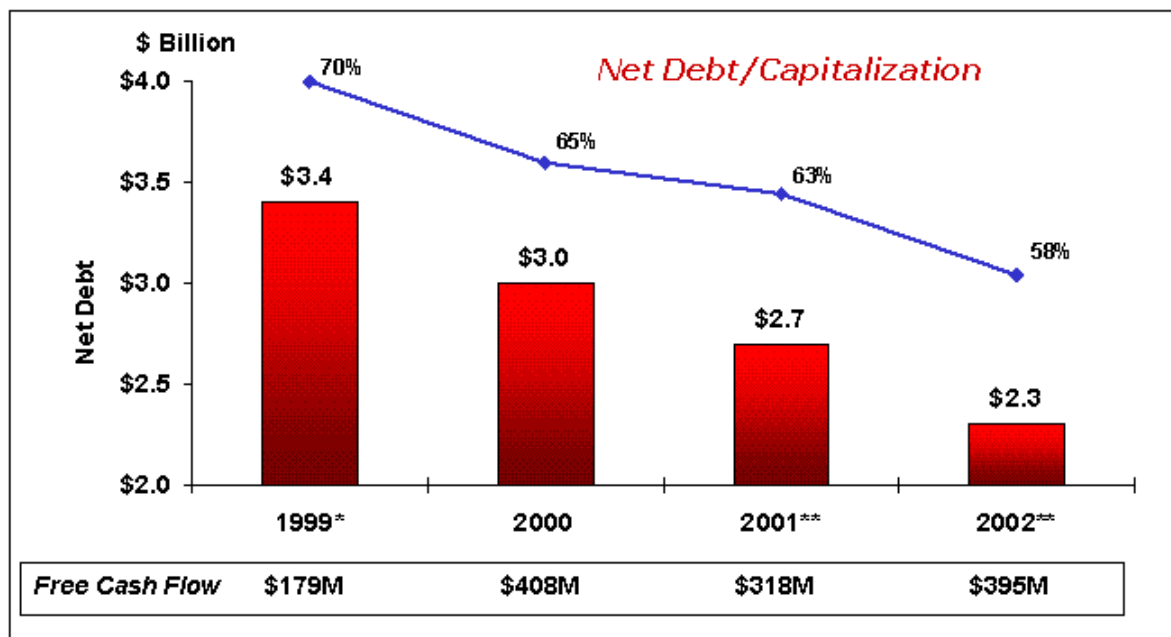
## Strong Free Cash Flow

|                               | <u>2002</u>                        |                                   |
|-------------------------------|------------------------------------|-----------------------------------|
|                               | <u>Fourth Qtr</u><br><i>(mils)</i> | <u>Full Year</u><br><i>(mils)</i> |
| Net Income                    | \$ 118                             | \$ 312 **                         |
| Depreciation                  | 78                                 | 301                               |
| Working Capital / Other       | <u>74</u>                          | <u>55</u>                         |
| <b>Cash from Operations *</b> | <b>\$ 270</b>                      | <b>\$ 668</b>                     |
| Capital Expenditures          | <u>(99)</u>                        | <u>(273)</u>                      |
| <b>Free Cash Flow *</b>       | <b><u>\$ 171</u></b>               | <b><u>\$ 395</u></b>              |

\* Includes \$16 million to fund restructuring actions during the quarter and \$64 million for the full year; excludes impact of sales of receivables

\*\* Excludes impact of goodwill impairment

## Continuing to Reduce Our Net Debt

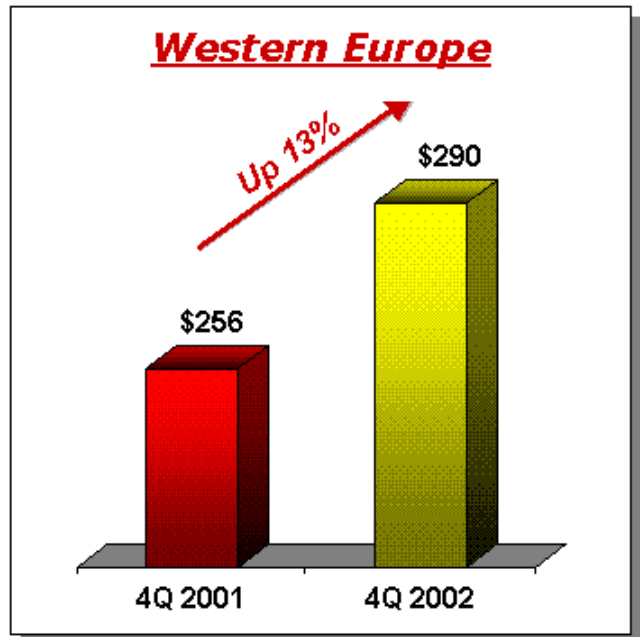
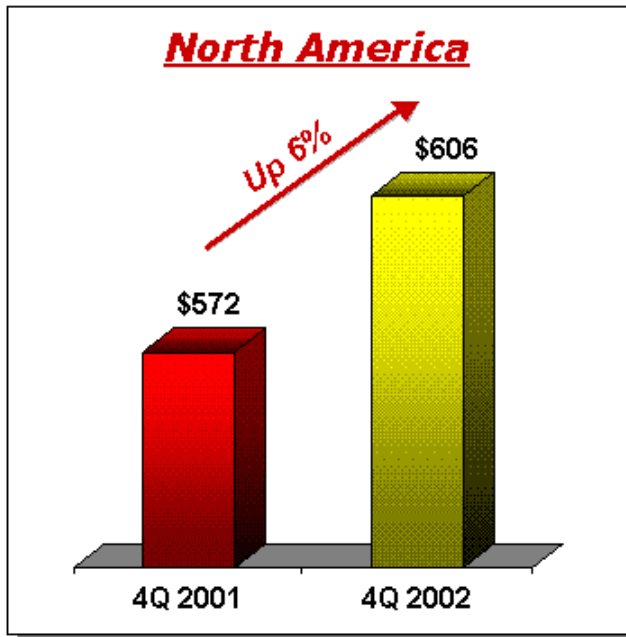


### *Aggressively Reducing Our Debt*

\* UTA acquisition 5/99

\*\* Includes ABS debt of \$261 million in 2001 and \$189 million in 2002 (implemented in 2001).

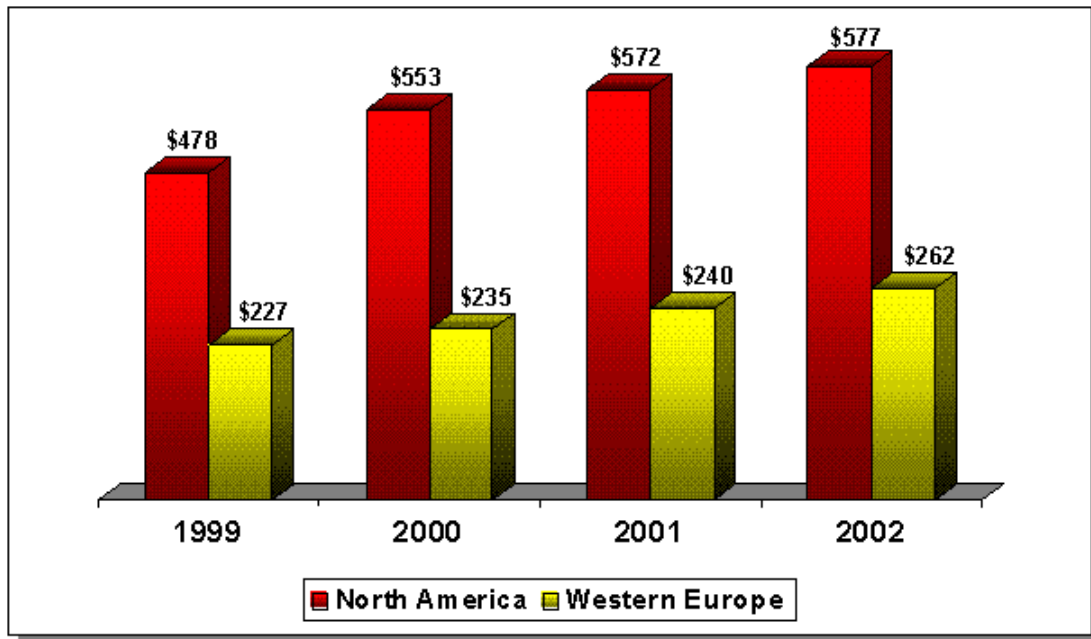
**Fourth Quarter Content Per Vehicle is up. . .**



***With Major 2002 Launches Now in Place,  
Growth in Content per Vehicle Resumes***



**Continuing Our Trend of Annual CPV Growth**



***Lear Has a Track Record of Content per Vehicle Growth***

## Growth to Continue with Strong Sales Backlog

| <b>Present Backlog</b> (millions) |                 |
|-----------------------------------|-----------------|
| 2003                              | \$ 900          |
| 2004                              | 700             |
| 2005                              | 1,000           |
| 2006                              | 900             |
| 2007                              | 500             |
| <b>5 Year Total</b>               | <b>\$ 4,000</b> |

| <b>Backlog By Customer</b> |             |
|----------------------------|-------------|
| <b>Big 3</b>               | <b>45 %</b> |
| <b>European</b>            | <b>30 %</b> |
| <b>Asian</b>               | <b>25 %</b> |

| <b>Backlog By Region</b> |             |
|--------------------------|-------------|
| <b>North America</b>     | <b>40 %</b> |
| <b>Europe</b>            | <b>45 %</b> |
| <b>Rest of World</b>     | <b>15 %</b> |

| <b>Backlog By Product</b> |             |
|---------------------------|-------------|
| <b>Seats</b>              | <b>35 %</b> |
| <b>Electronics</b>        | <b>25 %</b> |
| <b>Interiors</b>          | <b>40 %</b> |

***Present Backlog is the Highest Absolute Level and Highest Percent of Annual Sales Ever***

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### Financial Impact of 'New' Backlog Profile

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#### ***Backlog Highlights***

- Total interior integrator program
- Electrical components and electronics systems
- IPs and cockpits represent 25%
- Asian OEMs and transplants now 25%
- European and Asian regions growing the fastest

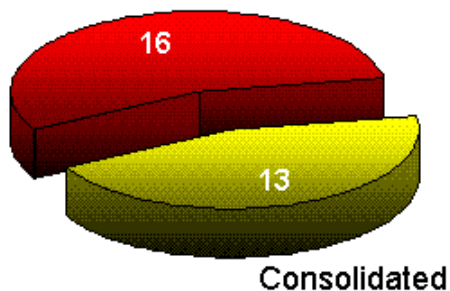
#### ***Strategic / Financial Impact***

- Validates leading position as a total interior supplier; neutral on operating margins and a plus for ROIC
- Electronics is the fastest growing 'product area' in the interior; high value added
- A growth opportunity; neutral to margins
- Supports priority emphasis on growing with Asian OEMs; margins similar to North American base business
- Improves Lear's customer and geographic mix; as European returns improve, positive shift for overall margins

***Lear's Five Year Backlog Supports Improved Sales Diversification and Financial Returns***

Profile of Lear's Joint Ventures

Non-consolidated



**29 Joint Ventures Worldwide**

**NON-CONSOLIDATED JVs**

- Provide Lear with access to new markets, new customers, new technologies and new products
- **16 Non-consolidated JVs worldwide**
  - 8 in North America
  - 6 in Asia
  - 2 in Europe
- **Supporting 11 customers, including**
  - The 'Big Three', BMW, Audi, Toyota, Honda, Nissan, Mitsubishi, Isuzu, and Hyundai
- **Average Lear equity interest is 45%**

## Non-Consolidated Joint Ventures Growing Rapidly



***Not included in our Reported Net Sales or the \$4.0 Billion New Business Backlog***

\* Sales represent 100% of Joint Ventures

**Facility Closures**

- 18 closures of the 21 planned completed to date
- 4 closures in the fourth quarter
- Overall closure plan proceeding on target

**Census Reductions**

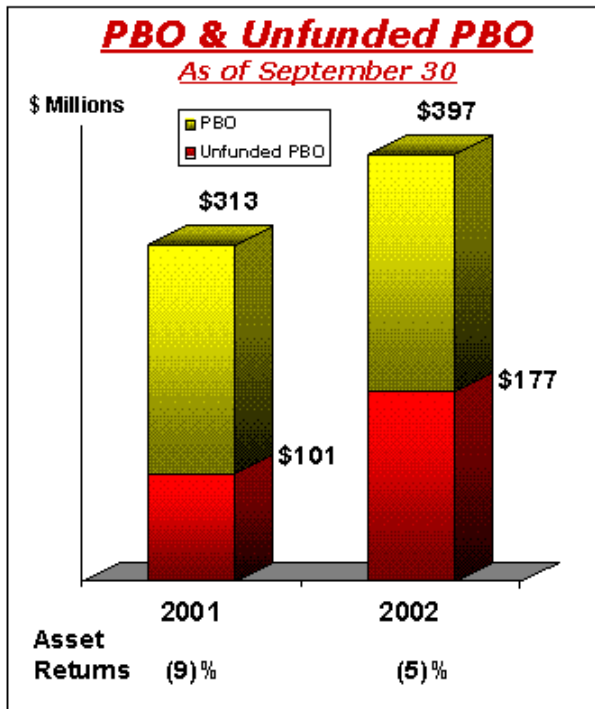
- Over 90% of planned separations completed by end of 2002

**Cash Payments**

- \$90 million in total
- \$16 million in fourth quarter, \$72 million cumulative
- \$64 million during 2002

***Implementation of Restructuring Plan  
is Nearing Completion***

## Pension Benefit Obligation (PBO) Status



- Summary***
- Unfunded PBO is manageable
    - 7% of market cap
    - < 1 year of Free Cash Flow
  - $\approx$  2,000 retirees covered by defined benefit plans
  - $\approx$  20% of active workforce covered by defined benefit plans

NOTE: Measurement Date - September 30

## Pension & OPEB Update

| <b>Cash Flow:</b> (millions) | <u>2002</u>  | <u>2003E</u> |
|------------------------------|--------------|--------------|
| Pension                      | \$ 35        | \$ 45        |
| Healthcare                   | <u>10</u>    | <u>15</u>    |
|                              | \$ <u>45</u> | \$ <u>60</u> |
| <b>Expense:</b> (millions)   |              |              |
| Pension                      | \$ 40        | \$ 50        |
| Healthcare                   | <u>22</u>    | <u>35</u>    |
|                              | \$ <u>62</u> | \$ <u>85</u> |

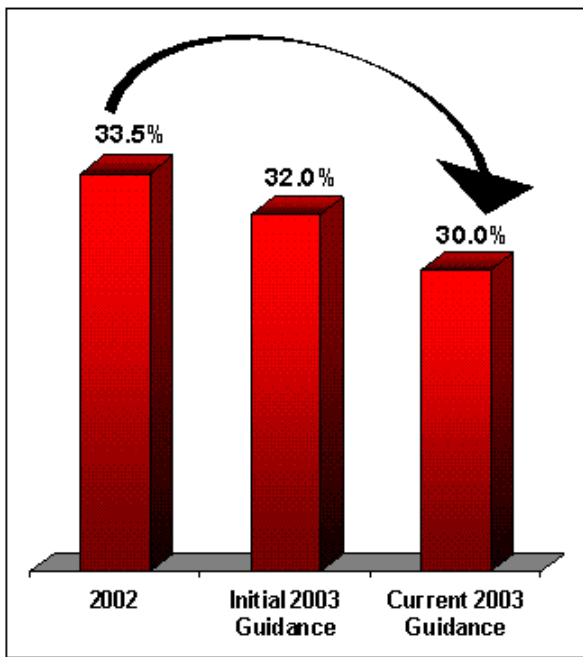
| <b>Key Actuarial Assumptions:</b>        | <u>2000</u> | <u>2001</u> | <u>2002</u>           |
|--|-------------|-------------|-----------------------|
| Discount Rate                            | 8.00 %      | 7.50 %      | 6.75 % <sup>(1)</sup> |
| Expected Return on Assets <sup>(2)</sup> | 9.50 %      | 9.00 %      | 7.75 % <sup>(1)</sup> |

(1) 7.0% for Canadian liabilities, approximately 1/3 of total.

(2) EROA set in current year is used for next year's pension expense calculation.



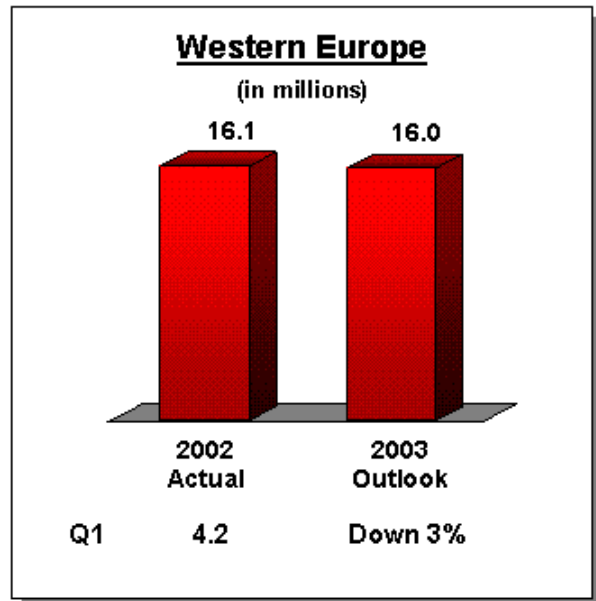
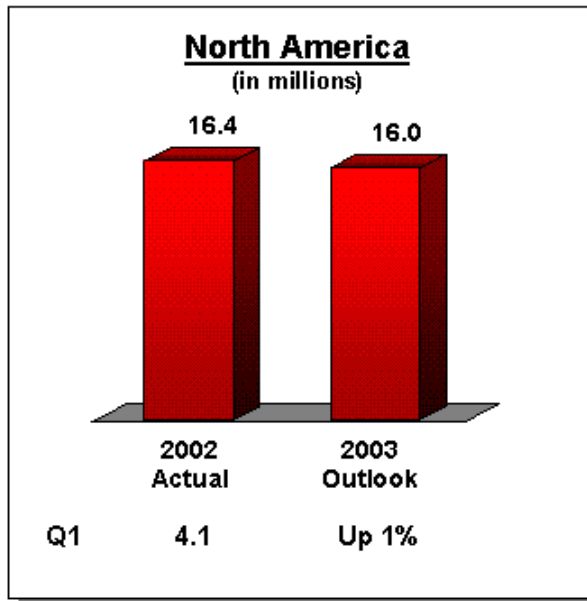
Corporate Tax Rate Declining



**Factors Influencing Our Tax Rate**

- Strategic emphasis on proactive tax planning throughout the company
- Efficient management of Legal Entity structure
- Six Sigma discipline applied on a cross-functional basis - - process improvement maximizes opportunities
- Improving mix of Non-U.S. Earnings

**2003 Vehicle Production Assumptions**



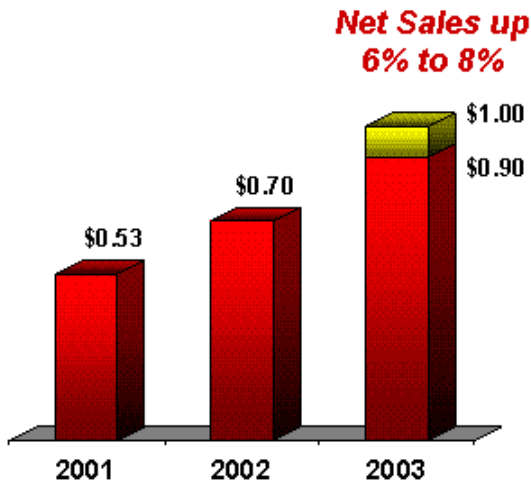
***2003 Production Down in North America;  
Flat in Western Europe***

# Financial Review

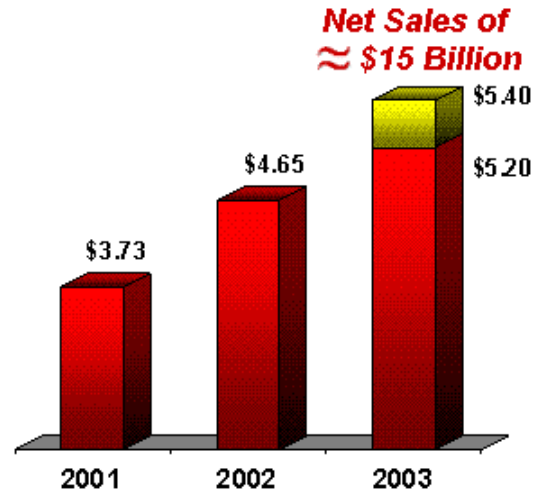
## 2003 Guidance



### First Quarter EPS



### Full Year EPS



Interest Expense                   \$ 50 M  
 Capital Expenditures           \$ 100 M  
 Free Cash Flow                   \$ 50 M

\$ 200 M  
 \$ 300 M  
 \$ 400 M

(Note: Full year 2002 EPS excludes the impact of goodwill impairment of \$298.5M after-tax; 2001 results exclude the impact of non-recurring items and goodwill amortization)

**2003 Financial Sensitivity**

| <b><i>Major Assumptions</i></b> | <b><i>2002</i></b> | <b><i>2003</i></b>     |                           |
|---------------------------------|--------------------|------------------------|---------------------------|
|                                 |                    | <b><i>Guidance</i></b> | <b><i>Sensitivity</i></b> |
| N.A. Production (Mils)          | 16.4               | 16.0                   | 15.5                      |
| W.E. Production (Mils)          | 16.1               | 16.0                   | 16.0                      |
| Net Sales (Bills)               | \$ 14.4            | ≈ \$ 15.0              | ≈ \$ 14.7                 |
| EPS                             | \$ 4.65 *          | \$ 5.20 -<br>5.40      | \$ 4.70 -<br>5.00         |
| O/I Margin                      | 5.2 %              | 5.3 - 5.4 %            | 5.1 - 5.2 %               |
| Free Cash Flow (Mils)           | \$ 395             | \$ 400                 | \$ 325                    |

\* Adjusted basis

- *Well positioned for sustainable growth; sales backlog at highest level ever*
- *Operating margins and returns improving*
- *Double-digit earnings per share growth*
- *Continuing strong free cash flow and debt reduction*
- *Solid and improving capital structure*
- *Operational excellence – quality, cost, speed, innovation and customer satisfaction*
- *Customer-Focused and Shareholder-Driven*

***A Leading Position in the Fastest Growing Segment in the Automotive Industry***



**LEAR**  
CORPORATION

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## ***Forward Looking Statement***

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This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to general economic conditions in the markets in which the Company operates, including changes in interest rates and fuel prices, fluctuations in the production of vehicles for which the Company is a supplier, labor disputes involving the Company or its significant customers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, increases in warranty costs, risks associated with conducting business in foreign countries, fluctuations in currency exchange rates, adverse changes in economic conditions or political instability in the jurisdictions in which the Company operates, competitive conditions impacting the Company's key customers, raw material cost and availability, unanticipated changes in free cash flow and other risks detailed from time to time in the Company's Securities and Exchange Commission filings. These forward-looking statements are made as of the date hereof, and Lear does not assume any obligation to update them..