



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): **October 17, 2003**

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**1-11311**

(Commission File Number)

**13-3386776**

(IRS Employer Identification Number)

**21557 Telegraph Road, Southfield, MI**

(Address of principal executive offices)

**48034**

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

On October 17, 2003, Lear Corporation issued a press release reporting its financial results for the third quarter of 2003 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.

**Item 7. Financial Statements and Exhibits**

(c) Exhibits

99.1 Press release issued October 17, 2003, filed herewith.

99.2 Slides from the Lear Corporation webcast of its third quarter of 2003 earnings call held on October 17, 2003, filed herewith.

**Item 9. Regulation FD Disclosure**

See “Item 12. Results of Operations and Financial Condition” below.

**Item 12. Results of Operations and Financial Condition**

The following information is provided pursuant to Item 12 of Form 8-K, “Results of Operations and Financial Condition.”

On October 17, 2003, Lear Corporation issued a press release reporting its financial results for the third quarter of 2003 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.

The following information is provided pursuant to Item 9 of Form 8-K, “Regulation FD Disclosure,” and Item 12 of Form 8-K, “Results of Operations and Financial Condition.”

On October 17, 2003, Lear Corporation made available the slides attached hereto as Exhibit 99.2 in a webcast of its third quarter of 2003 earnings call. Exhibit 99.2 is incorporated by reference herein.

The information contained in Exhibits 99.1 and 99.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**SIGNATURE**

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

**LEAR CORPORATION,**  
a Delaware corporation

Date: October 17, 2003

By: /s/ David C. Wajsgras

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

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press release issued October 17, 2003, filed herewith.
99.2	Slides from the Lear Corporation webcast of its third quarter of 2003 earnings call held on October 17, 2003, filed herewith.

**FOR IMMEDIATE RELEASE****Investor Relations:**

Mel Stephens  
VP – IR and Corporate Communications  
(248) 447-1624

**Media:**

Andrea Puchalsky  
Director — Corporate Communications  
(248) 447-1651

**Lear Reports Record Third-Quarter Net Sales of \$3.5 Billion**

**Southfield, Mich., October 17, 2003** — Lear Corporation [NYSE: LEA], the world's largest automotive interior systems supplier, today reported financial results for the third quarter of 2003.

**Third-Quarter Highlights Include:**

- **Record net sales of \$3.5 billion, up 5% from a year ago**
- **Net income per share of \$1.10, up 21% from a year ago**
- **Investment grade credit rating achieved**
- **Interior Excellence award from DaimlerChrysler**

For the third quarter of 2003, Lear posted record net sales of \$3.5 billion and net income of \$76.1 million, or \$1.10 per share. These results compare to net sales of \$3.3 billion and net income of \$61.6 million, or \$0.91 per share, for the third quarter of 2002. Third-quarter net income per share was slightly above guidance, as implementation costs for some of the productivity and facility actions planned to commence in the third quarter will now begin in the fourth quarter.

“We continued our positive momentum by setting a third-quarter sales record, achieving investment grade credit ratings from Standard & Poor’s and Fitch and earning an award of recognition from a top customer,” said Bob Rossiter, Lear Chairman and Chief Executive Officer.

The 5% increase in net sales from the year-earlier third quarter reflects primarily the addition of new business globally. The favorable impact of a stronger Euro was largely offset by lower vehicle production in North America (down 5%) and in Western Europe (down 5%).

The 21% improvement in third-quarter net income per share compared to the year-earlier period reflects primarily the profit contribution from productivity initiatives, global new business, lower interest expense and a lower corporate tax rate, offset in part by weaker industry production.

(more)

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For the quarter, free cash flow was \$77 million. (Net cash provided by operating activities was \$102 million; a reconciliation of free cash flow to net cash provided by operating activities is provided in the attached supplemental data page.)

The upgrade by Standard & Poor's Rating Services and the decision by Fitch Ratings to initiate coverage of Lear with an investment grade rating reflect Lear's reduced leverage and solid financial performance amid challenging industry conditions.

"Our focus on customer satisfaction and operational excellence is allowing us to grow our business, strengthen our financial position and deliver value to our shareholders," Rossiter added. "As we move forward, the Lear team will work relentlessly to further improve our quality and operating performance to meet the aggressive targets set by our customers."

#### **Fourth-Quarter and Full-Year 2003 Outlook**

For the fourth quarter of 2003, net sales are expected to be approximately \$4.0 billion. The increase from a year ago reflects the addition of new business globally and a stronger Euro, offset by lower vehicle production in Western Europe (down 7%). Net income is expected to be in the range of \$1.75 to \$1.85 per share. Fourth-quarter net income includes the impact of up-front implementation costs of ongoing facility actions which were previously planned to commence in the third quarter. Capital spending is expected to be approximately \$100 million, and free cash flow is forecasted to be about \$75 million. For the fourth quarter, the corporate tax rate is anticipated to be 28%.

For the full year, net sales are expected to be about \$15.5 billion, compared with \$14.4 billion in 2002. This increase reflects the addition of new business globally and a stronger Euro, offset in part by lower vehicle production in North America (down from 16.4 million units last year to approximately 15.9 million units this year) and in Western Europe (down from 16.4 million units to 15.9 million units). Net income is expected to be in the range of \$5.40 to \$5.50 per share. Full-year capital spending is projected to be approximately \$315 million, and free cash flow is anticipated to be slightly above \$400 million.

Lear Corporation, a Fortune 500 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 more than 115,000 employees at 280 facilities located in 33 countries.

Lear's news releases and other information, including certain financial and statistical information presented during its periodic earnings conference calls, are available on the Company's website at [www.lear.com](http://www.lear.com). Lear will webcast live its third-quarter earnings conference call through the Investor Relations link at [www.lear.com](http://www.lear.com) at 9:00 a.m. (Eastern) on October 17, 2003. In addition, one may access the conference call by dialing 1-800-789-4751 (domestic) or 1-706-679-3323 (international) with the access code number of 1943875. The audio replay will be available two hours following the call at 1-800-642-1687 (domestic) or 1-706-645-9291 (international) with the access code number of 1943875 and will be available until October 24, 2003.



## **Use of Non-GAAP Financial Information**

In addition to the results reported in accordance with accounting principles generally accepted in the United States (“GAAP”) included throughout this news release, the Company has provided information regarding “free cash flow” (a non-GAAP financial measure). Free cash flow represents net cash provided by operating activities before the net change in sold accounts receivable, less capital expenditures. The Company believes it is appropriate to exclude the net change in sold accounts receivable in the calculation of free cash flow since the sale of receivables may be viewed as a substitute for borrowing activity.

Management believes that free cash flow is useful to both management and investors in their analysis of the Company’s ability to service and repay its debt. Further, management uses free cash flow for planning and forecasting in future periods.

Free cash flow should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and thus, does not reflect funds available for investment or other discretionary uses. Also, free cash flow, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

For a reconciliation of free cash flow to net cash provided by operating activities, see the attached supplemental data page which, together with this press release, has been posted on the Company’s website through the Investor Relations link at [www.lear.com](http://www.lear.com).

## **Forward-Looking Statements**

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, the outcome of legal proceedings, 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 the Company does not assume any obligation to update them.

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**Lear Corporation and Subsidiaries**  
**Consolidated Statements of Operations**  
(Unaudited; in millions, except per share amounts)

	Three Months Ended	
	September 27, 2003	September 28, 2002
Net sales	\$ 3,491.5	\$ 3,337.4
Cost of sales	3,187.8	3,053.1
Selling, general and administrative expenses	140.6	125.4
Interest expense	44.5	53.0
Other expense, net	12.9	13.2
	105.7	92.7
Income before income taxes	105.7	92.7
Income taxes	29.6	31.1
	76.1	61.6
Net income	\$ 76.1	\$ 61.6
	1.13	0.94
Basic net income per share	\$ 1.13	\$ 0.94
	1.10	0.91
Diluted net income per share	\$ 1.10	\$ 0.91
	67.1	65.7
Weighted average number of shares outstanding — basic	67.1	65.7
	69.0	67.5
Weighted average number of shares outstanding — diluted	69.0	67.5

**Lear Corporation and Subsidiaries**  
**Consolidated Statements of Operations**  
(Unaudited; in millions, except per share amounts)

	Nine Months Ended	
	September 27, 2003	September 28, 2002
Net sales	\$ 11,491.4	\$ 10,664.2
Cost of sales	10,525.9	9,778.0
Selling, general and administrative expenses	428.8	389.9
Interest expense	146.7	163.4
Other expense, net	38.6	41.9
	351.4	291.0
Income before income taxes and cumulative effect of a change in accounting principle		
Income taxes	103.3	97.5
	248.1	193.5
Income before cumulative effect of a change in accounting principle		
Cumulative effect of a change in accounting principle, net of tax	—	298.5(a)
	248.1	(105.0)
Net income (loss)	\$	\$
	3.74	2.97
Basic income per share before cumulative effect of a change in accounting principle		
Basic net income (loss) per share	\$ 3.74	\$ (1.61)
	3.65	2.89
Diluted income per share before cumulative effect of a change in accounting principle		
Diluted net income (loss) per share	\$ 3.65	\$ (1.57)
	66.3	65.2
Weighted average number of shares outstanding — basic		
Weighted average number of shares outstanding — diluted	68.1	67.1
	68.1	67.1

- (a) On January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Under this statement, goodwill is no longer amortized but is subject to annual impairment analysis. 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 diluted 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 operations for the nine months ended September 28, 2002.

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

	September 27, 2003	December 31, 2002
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current:</b>		
Cash and cash equivalents	\$ 102.5	\$ 91.7
Accounts receivable	2,252.6	1,508.0
Inventories	512.1	489.7
Recoverable customer engineering and tooling	185.1	153.2
Other	244.6	265.1
	3,296.9	2,507.7
<b>Long-Term:</b>		
PP&E, net	1,717.7	1,710.6
Goodwill, net	2,897.5	2,860.4
Other	441.3	404.3
	5,056.5	4,975.3
<b>Total Assets</b>	<b>\$ 8,353.4</b>	<b>\$ 7,483.0</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current:</b>		
Short-term borrowings	\$ 11.3	\$ 37.3
Accounts payable and drafts	2,404.8	1,966.4
Accrued liabilities	1,195.0	1,037.6
Current portion of long-term debt	4.4	3.9
	3,615.5	3,045.2
<b>Long-Term:</b>		
Long-term debt	2,042.2	2,132.8
Other	665.4	642.7
	2,707.6	2,775.5
<b>Stockholders' Equity</b>	2,030.3	1,662.3
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 8,353.4</b>	<b>\$ 7,483.0</b>

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

	Three Months Ended	
	September 27, 2003	September 28, 2002
<b>Net Sales</b>		
U.S. and Canada	\$ 1,858.0	\$ 1,948.3
Europe	1,228.5	1,022.0
Rest of World	405.0	367.1
<b>Total</b>	<b>\$ 3,491.5</b>	<b>\$ 3,337.4</b>
<b>Content Per Vehicle *</b>		
North America	\$ 582	\$ 579
Western Europe	331	265
South America	104	75
<b>Free Cash Flow **</b>		
Net cash provided by operating activities	\$ 102.3	\$ 69.8
Net change in sold accounts receivable	51.3	21.6
Net cash provided by operating activities before net change in sold accounts receivable	153.6	91.4
Capital expenditures	(76.9)	(70.8)
<b>Free cash flow</b>	<b>\$ 76.7</b>	<b>\$ 20.6</b>
<b>Depreciation</b>	<b>\$ 82.6</b>	<b>\$ 75.3</b>
<b>Nine Months Ended</b>		
	September 27, 2003	September 28, 2002
<b>Net Sales</b>		
U.S. and Canada	\$ 6,285.7	\$ 6,319.4
Europe	4,015.7	3,263.1
Rest of World	1,190.0	1,081.7
<b>Total</b>	<b>\$ 11,491.4</b>	<b>\$ 10,664.2</b>
<b>Content Per Vehicle *</b>		
North America	\$ 592	\$ 568
Western Europe	313	253
South America	90	85
<b>Free Cash Flow**</b>		
Net cash provided by operating activities	\$ 359.6	\$ 370.1
Net change in sold accounts receivable	190.9	27.4
Net cash provided by operating activities before net change in sold accounts receivable	550.5	397.5
Capital expenditures	(214.2)	(173.3)
<b>Free cash flow</b>	<b>\$ 336.3</b>	<b>\$ 224.2</b>
<b>Depreciation</b>	<b>\$ 234.7</b>	<b>\$ 223.0</b>

\* Content Per Vehicle for 2002 has been updated to reflect actual production levels.

\*\* See "Use of Non-GAAP Financial Information" included in this news release.

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***Third Quarter 2003  
Earnings Review  
October 17, 2003***

world's **leading** automotive interior **supplier**

▶▶ *advance relentlessly*

*fast forward*



- I. Operating Highlights**  
**Jim Vandenberghe, Vice Chairman**
- II. Financial Review & Outlook**  
**Dave Wajsgras, SVP & CFO**
- III. Summary and Closing Remarks**  
**Bob Rossiter, Chairman & CEO**
- IV. Q & A**

**Customer-Focused Strategy Driving Success**

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***In a Challenging Environment, with Industry Production Down and Intense Competitive Pressures in Both our Major Markets, the Lear Team is Focused on:***

- ▶▶ **Delivering high value-add to our customers**
- ▶▶ **Continuing to improve quality and service**
- ▶▶ **Aggressively reducing our costs**
- ▶▶ **Successfully launching new products**



- ▶▶ **Global total interior capabilities**
- ▶▶ **Economies of scale / common architecture**
- ▶▶ **Aggressive VA / VE initiatives**
- ▶▶ **Higher levels of craftsmanship**

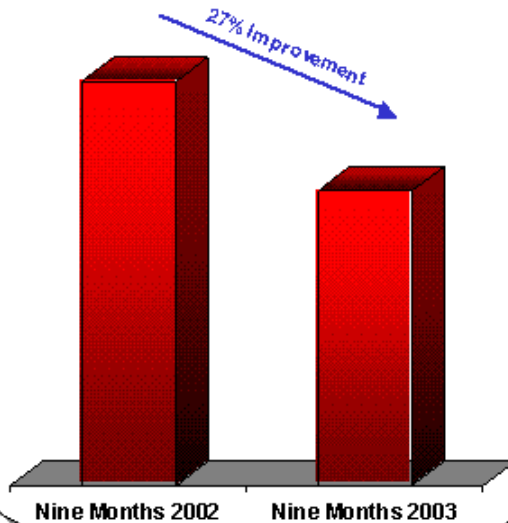
***Lear Works in Partnership with Customers to  
Eliminate Waste and Add Value***

# Third Quarter 2003 Operating Highlights

## Quality Continues to Improve



### *Parts Per Million (PPM) Defective\**



- ▶ Management priority
- ▶ Global focus
- ▶ Part of Lear culture
- ▶ Six Sigma discipline
- ▶ Sharing best practices
- ▶ Teamwork

***Driven to Provide High Level Quality Products and Services in the Automotive Industry***

\* Based on internal and customer data.

# Third Quarter 2003 Operating Highlights

## Major Launches - Second Half 2003

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### **North America**

Ford F-150	Dodge Durango	Nissan Titan/Armada
Lexus RX 330	Mitsubishi Galant	Cadillac SRX
Chevrolet Monza	Chrysler Concorde/Magnum	Ford Escape

### **Europe**

Opel Vectra Wagon	BMW X3	Fiat Lancia Y
Maserati Quattroporte	Golf A5	Peugeot 407
Saab 9-3 Convertible	Alfa Spider	Mercedes SLK

### **Rest of World**

Ford Fiesta	Mitsubishi Airtrek	Opel Celta
Mazda Familia	Chevrolet Optra	Chevrolet Lacetti
Fiat Palio	Ford Everest	BMW 3-Series

### Production Environment - Third Quarter 2003

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#### North America

- ▶▶ Industry production down 5%; Big Three down 10%
- ▶▶ Content Per Vehicle of \$582, about even with a year ago

#### Western Europe

- ▶▶ Industry production down 5%; key Lear customers / platforms down more than industry average
- ▶▶ Content Per Vehicle of \$331, up 10% from a year ago adjusted for currency
- ▶▶ Euro 14% stronger than a year ago

***Production Environment Remains Difficult; OEMs Continue to Focus on Cost, Productivity and Quality***

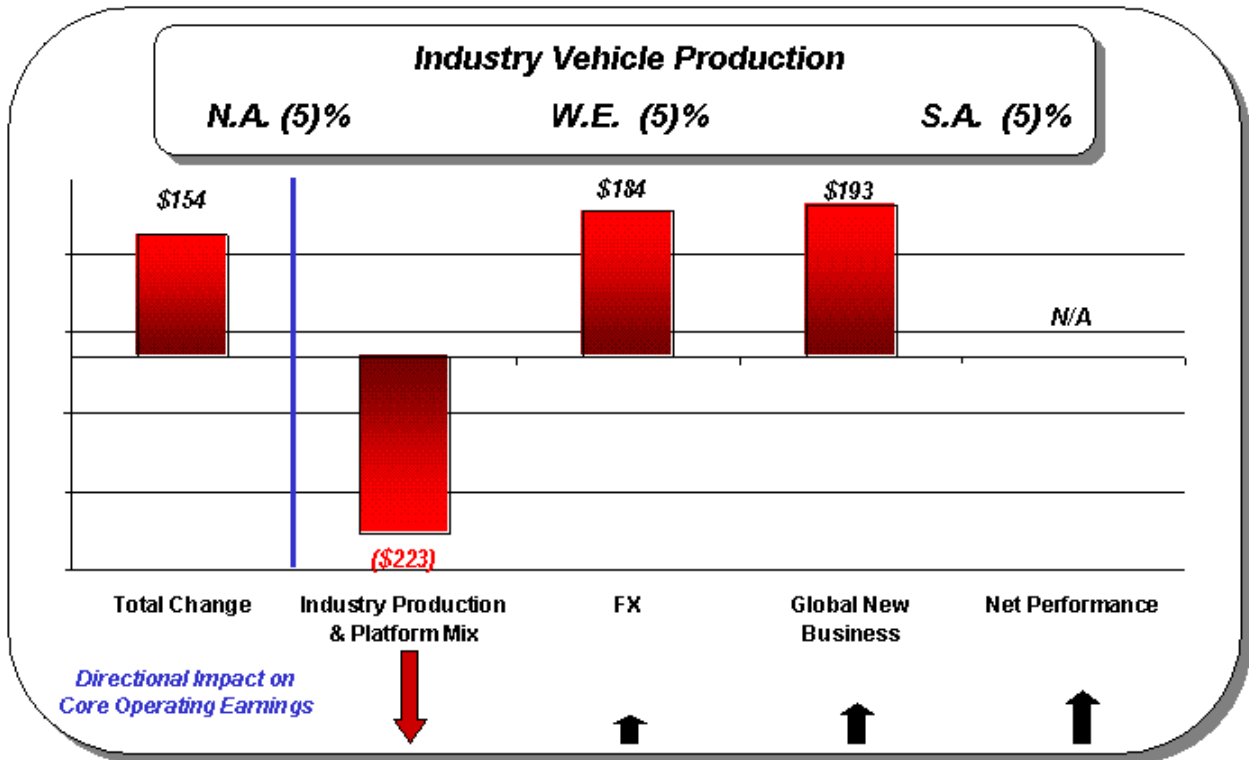
## Financial Highlights - Third Quarter 2003

(in millions, except net income per share)	<u>Third Quarter 2003</u>	<u>Third Quarter 2002</u>	<u>3Q '03 B/(W) 3Q '02</u>
<b>Net Sales</b>	\$ 3,491.5 ✓	\$ 3,337.4	\$ 154.1
<b>Income before Interest, Other Expense &amp; Income Taxes*</b>	\$ 163.1	\$ 158.9	\$ 4.2
<b>Margin</b>	4.7 %	4.8 %	( 10 )bps
<b>Net Income</b>	\$ 76.1	\$ 61.6	\$ 14.5
<b>Net Income Per Share</b>	\$ 1.10	\$ 0.91	\$ 0.19
<b>SG&amp;A % of Net Sales</b>	4.0 %	3.8 %	( 20 )bps
<b>Interest Expense</b>	\$ 44.5	\$ 53.0	\$ 8.5
<b>Other Expense, Net</b>	\$ 12.9	\$ 13.2	\$ 0.3
<b><u>Vehicle Production (000)</u></b>			
<b>North America</b>	3,650	3,848	( 198 )
<b>Big Three</b>	2,617	2,895	( 278 )
<b>Western Europe</b>	3,538	3,714	( 176 )

✓ Third Quarter Record

\* Income before income taxes for the third quarter 2003 and 2002 was \$105.7 and \$92.7, respectively.  
Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation.

## 3Q03 vs 3Q02 - Change in Net Sales



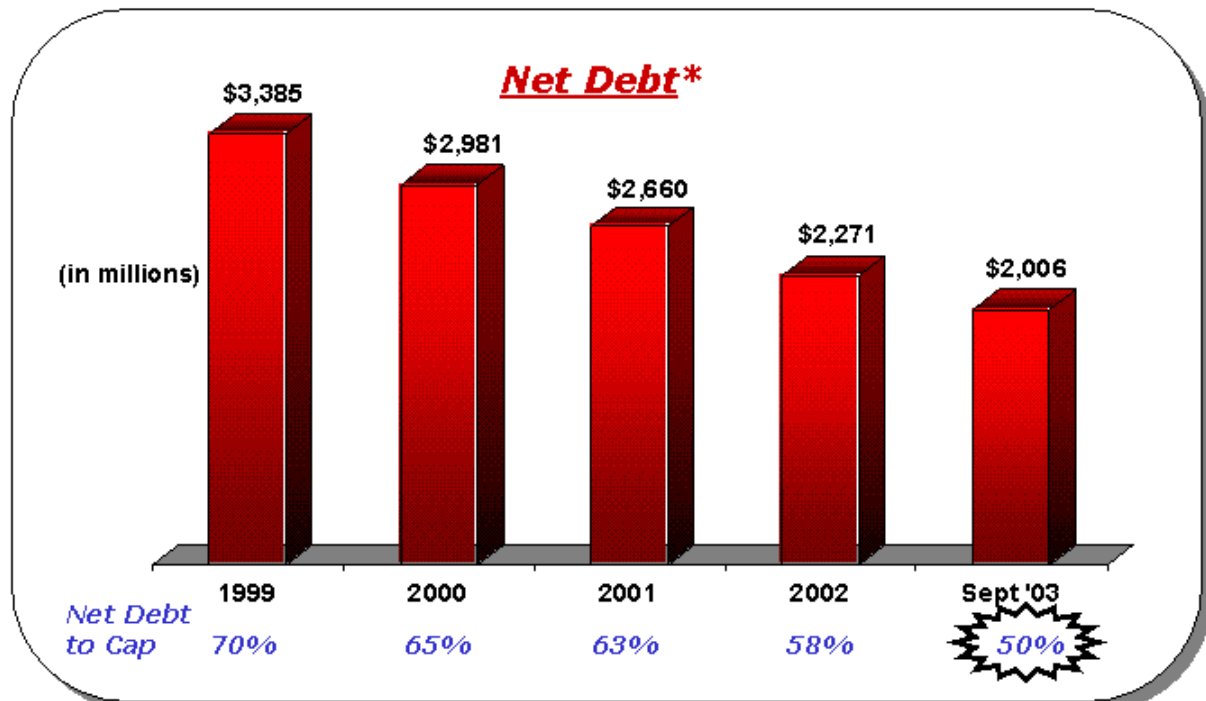
Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation.

## 3Q03 Free Cash Flow

(in millions)	<u>3Q03</u>	<u>Nine Months</u>
Net Income	\$ 76	\$ 248
Depreciation	83	235
Working Capital / Other	( 5 )	67
<b>Cash from Operations*</b>	<b>\$ 154</b>	<b>\$ 550</b>
Capital Expenditures	( 77 )	( 214 )
<b>Free Cash Flow</b>	<b>\$ 77</b>	<b>\$ 336</b>

\* Cash from Operations represents net cash provided by operating activities (\$102 for third quarter and \$360 for nine months ended 9/27/03) before net change in sold accounts receivable (\$51 for third quarter and \$191 for nine months ended 9/27/03). Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation.

## Further Debt Reduction & Increased Financial Flexibility



\* Net debt represents total debt plus utilization of our ABS facility, less cash.  
Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation.



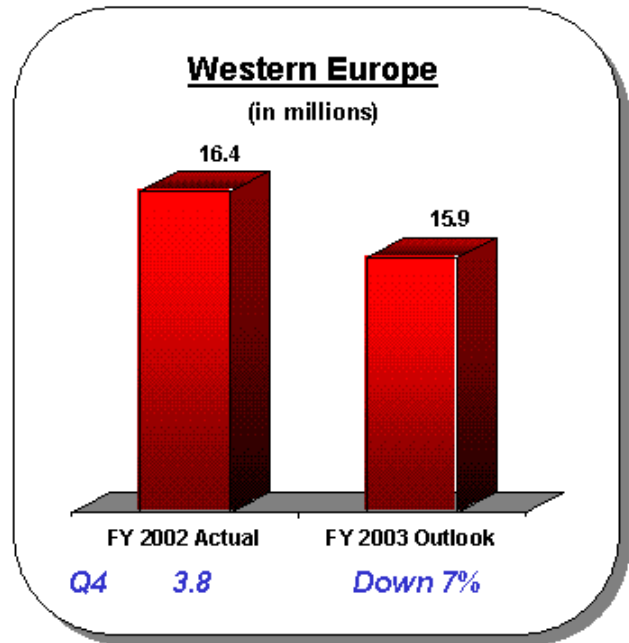
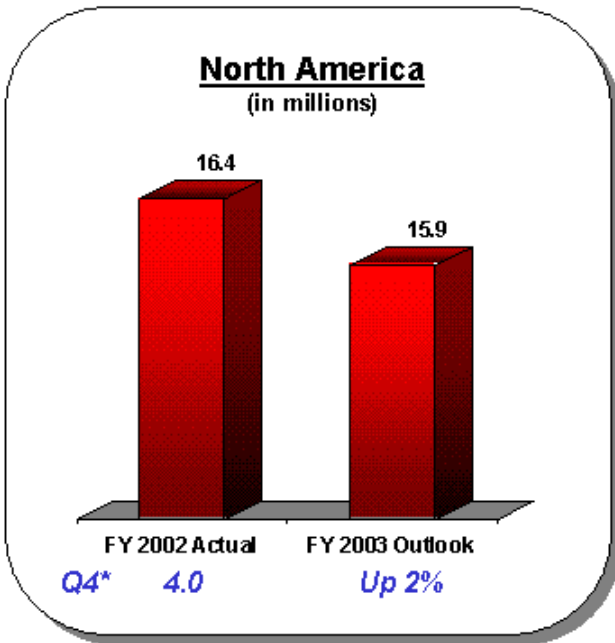
### Rating Agency Update

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	<u>Rating</u>	<u>Outlook</u>
<b>Standard and Poor's</b> ▶ Upgraded 7/28/03	<b>BBB-</b>	<b>Stable</b>
<b>Moody's</b> ▶ Outlook raised 10/14/03	<b>Ba1</b>	<b>Positive</b>
<b>Fitch Ratings</b> ▶ Initiated coverage 9/22/03	<b>BBB-</b>	<b>Stable</b>

***Solid Financial Performance Has Led to  
Positive Action From the Rating Agencies***

**2003 Vehicle Production Outlook**



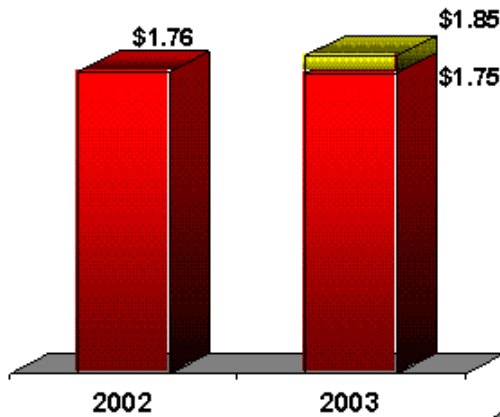
**2003 Production Down in North America and Western Europe**

\* Big Three down 3%

## Fourth Quarter and Full Year 2003 Guidance

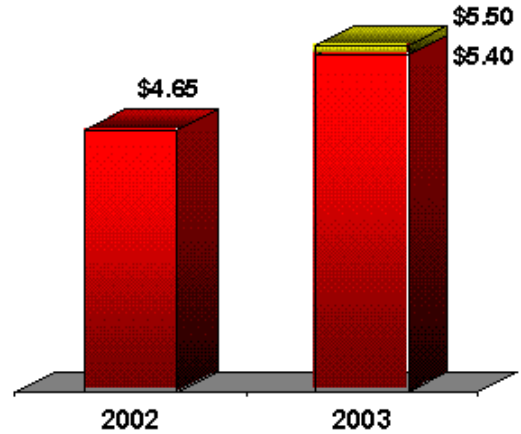
### Fourth Quarter Net Income Per Share

*Net Sales of  
≈ \$4.0 Billion*



### Full Year Net Income Per Share

*Net Sales of  
≈ \$15.5 Billion*



Capital Expenditures ≈ \$ 100 M  
Free Cash Flow ≈ \$ 75 M

≈ \$ 315 M  
≈ \$ 400 M

Note: Full year 2002 net income per share excludes the impact of goodwill impairment of \$298.5M after-tax, or \$4.46 per share.

### **Future Cash Flow Opportunities Enhance Value**

- ▶▶ **Support strategic growth opportunities**
  - Asia Pacific region and electronics globally
  - Internally generated or acquired
  
- ▶▶ **Maintain financial flexibility**
  - Continue to strengthen the balance sheet
  
- ▶▶ **Return capital to shareholders**
  - As appropriate in light of existing opportunities

***All Investment Opportunities will be Evaluated  
to Maximize Shareholder Value***

### **Customer-Focused Strategy Driving our Success**

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- ▶▶ Quality and customer service remain our top priorities
- ▶▶ Top line growing as customers recognize Lear's value-add
- ▶▶ Credit ratings upgrade reflects improving balance sheet
- ▶▶ Aggressive cost reduction targets necessary to meet ever increasing customer requirements

***Global Strategy Remains Unchanged;  
Leveraging our Total Interior Capabilities to  
Deliver Value to our Customers***



**LEAR**<sup>®</sup>  
CORPORATION

ADVANCE RELENTLESSLY™



▶▶ [www.lear.com](http://www.lear.com)

In addition to the results reported in accordance with accounting principles generally accepted in the United States ("GAAP") included throughout this presentation, the Company has provided information regarding certain non-GAAP financial measures. These measures include "income before interest, other expense and income taxes," "free cash flow" and "net debt." Free cash flow represents net cash provided by operating activities before the net change in sold accounts receivable, less capital expenditures. The Company believes it is appropriate to exclude the net change in sold accounts receivable in the calculation of free cash flow since the sale of receivables may be viewed as a substitute for borrowing activity. Net debt represents total debt plus utilization under its ABS facility, less cash.

Management believes that the non-GAAP financial measures used in this presentation are useful to both management and investors in their analysis of the Company's financial position and results of operations. In particular, management believes that income before interest, other expense and income taxes is a useful measure in assessing the Company's financial performance by excluding certain items that are not indicative of the Company's core operating earnings or that may obscure trends useful in evaluating the Company's continuing operating activities. Management believes that free cash flow is useful in analyzing the Company's ability to service and repay its debt. Management believes that net debt is generally accepted as providing useful information regarding a company's financial condition. Further, management uses these non-GAAP measures for planning and forecasting in future periods.

Neither income before interest, other expense and income taxes, free cash flow nor net debt should be considered in isolation or as substitutes for net income, net cash provided by operating activities, total debt or other balance sheet, income statement or cash flow statement data prepared in accordance with GAAP or as measures of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and thus, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

Set forth on the following slides are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

# Use of Non-GAAP Financial Information

## Core Operating Earnings

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(in millions)	Three Months		Nine Months	
	Q3 2003	Q3 2002	Q3 2003	Q3 2002
<b><u>Income before interest, other expense and income taxes</u></b>				
Income before income taxes	\$ 105.7	\$ 92.7	\$ 351.4	\$ 291.0
Interest expense	44.5	53.0	146.7	163.4
Other expense, net	<u>12.9</u>	<u>13.2</u>	<u>38.6</u>	<u>41.9</u>
Income before interest, other expense and income taxes (core operating earnings)	<u>\$ 163.1</u>	<u>\$ 158.9</u>	<u>\$ 536.7</u>	<u>\$ 496.3</u>



# Use of Non-GAAP Financial Information

## Free Cash Flow

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(in millions)	Three Months		Nine Months	
	Q3 2003	Q3 2002	Q3 2003	Q3 2002
<b>Free cash flow</b>				
Net cash provided by operating activities	\$ 102.3	\$ 69.8	\$ 359.6	\$ 370.1
Net change in sold accounts receivable	<u>51.3</u>	<u>21.6</u>	<u>190.9</u>	<u>27.4</u>
Net cash provided by operating activities before net change in sold accounts receivable	153.6	91.4	550.5	397.5
Capital expenditures	<u>(76.9)</u>	<u>(70.8)</u>	<u>(214.2)</u>	<u>(173.3)</u>
Free cash flow	<u>\$ 76.7</u>	<u>\$ 20.6</u>	<u>\$ 336.3</u>	<u>\$ 224.2</u>

# Use of Non-GAAP Financial Information

## Net Debt



(in millions)	<u>September 27,</u>		<u>December 31,</u>		
<b>Net debt</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Short-term borrowings	\$ 11.3	\$ 37.3	\$ 63.2	\$ 72.4	\$ 103.6
Current portion of long-term debt	4.4	3.9	129.5	155.6	63.6
Long-term debt	<u>2,042.2</u>	<u>2,132.8</u>	<u>2,293.9</u>	<u>2,852.1</u>	<u>3,324.8</u>
Total debt	<u>2,057.9</u>	<u>2,174.0</u>	<u>2,486.6</u>	<u>3,080.1</u>	<u>3,492.0</u>
Cash	( 102.5 )	( 91.7 )	( 87.6 )	( 98.8 )	( 106.9 )
Asset backed securitization	50.5	189.0	260.7	-	-
Net debt	<u>\$ 2,005.9</u>	<u>\$ 2,271.3</u>	<u>\$ 2,659.7</u>	<u>\$ 2,981.3</u>	<u>\$ 3,385.1</u>

This presentation 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, the outcome of legal proceedings, 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 the Company does not assume any obligation to update them.