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 SEPTEMBER 30, 1995

OR

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

For the transition period from ------------ to ------------- .

COMMISSION FILE NUMBER: 1-11311

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

DELAWARE	13-3386776
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
21557 TELEGRAPH ROAD, SOUTHFIELD, MI	48034
(Address of principal executive offices)	(zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes X No
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Approximate number of shares of Common Stock, $0.01 par value per share, outstanding at October 28, 1995: 56,236,541

LEAR SEATING CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 1995

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LEAR SEATING CORPORATION

PART I - FINANCIAL INFORMATION

ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

	September 30, 1995 (Unaudited)	December 31, 1994
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 15.2	$ 32.0
Accounts receivable	803.2	579.8
Inventories	185.9	126.6
Unbilled customer tooling	95.5	53.5
Other	44.3	26.4
	1,144.1	818.3
PROPERTY, PLANT AND EQUIPMENT:		
Land	43.5	36.6
Buildings and improvements	242.6	141.1
Machinery and equipment	542.6	326.8
	828.7	504.5
Less-Accumulated depreciation	(193.8)	(150.3)
	634.9	354.2
OTHER ASSETS:		
Goodwill, net	1,094.4	499.5
Deferred financing fees and other	83.6	43.1
	1,178.0	542.6
	$2,957.0	$1,715.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 24.4	$ 84.1
Cash overdrafts	58.1	27.6
Accounts payable	764.3	656.7
Accrued liabilities	293.3	210.9
Current portion of long-term debt	5.8	1.9
	1,145.9	981.2
LONG-TERM LIABILITIES:		
Deferred national income taxes	28.4	25.3
Long-term debt	1,131.6	418.7
Other	110.6	76.3
	1,270.6	520.3
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value, 150,000,000 authorized at September 30, 1995 and December 31, 1994; 56,236,541 issued at September 30, 1995 and 46,088,278 issued at December 31, 1994	.6	.5
Additional paid-in capital	557.9	274.3
Notes receivable from sale of common stock	(.9)	(1.0)
Less- Common stock held in treasury, 10,230 shares at April 1, 1995 and December 31, 1994, at cost September 30, 1995 and December 31, 1994 , at cost	(.1)	(.1)
Retained earnings (deficit)	4.9	(49.4)
Minimum pension liability adjustment	(5.8)	(5.8)
Cumulative translation adjustment	(16.1)	(4.9)
	540.5	213.6
	$2,957.0	$1,715.1

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 1995	October 1, 1994	September 30, 1995	October 1, 1994
	(Unaudited)		(Unaudited)	
Net sales	$ 1,080.6	$ 698.5	$ 3,266.7	$ 2,207.4
Cost of sales	997.4	649.6	3,012.0	2,029.9
Selling, general and administrative expenses	35.1	19.8	85.3	58.1
Amortization of goodwill	5.1	2.9	11.5	8.6
Operating income	43.0	26.2	157.9	110.8
Interest expense	21.6	10.2	50.0	35.2
Other expense, net	4.4	1.8	10.3	6.4
Income before provision for national income taxes and extraordinary item	17.0	14.2	97.6	69.2
Provision for national income taxes	5.9	7.9	40.6	35.2
Net income (loss) before extraordinary item	11.1	6.3	57.0	34.0
Extraordinary loss on early extinguishment of debt	(2.6)	--	(2.6)	--
Net income (loss)	$ 8.5	$ 6.3	$ 54.4	$ 34.0
Earnings per common share (Primary):				
Net income (loss) before extraordinary item	$ 0.22	$ 0.13	$ 1.14	$ 0.73
Extraordinary loss	(0.05)	--	(0.05)	--
Net income (loss)	$ 0.17	$ 0.13	$ 1.09	$ 0.73

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended September 30, 1995	Nine Months Ended October 1, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 54.4	$ 34.0
Adjustments to reconcile net income to net cash provided by operating activities:		
by operating activities-		
Depreciation and amortization of goodwill	60.4	41.4
Amortization of deferred financing fees	1.9	1.8
Deferred national income taxes	3.1	(.7)
Extraordinary loss	2.6	--
Other, net	.9	5.1
Change in working capital items, net of effects of acquisitions	(117.1)	(76.4)
Net cash provided by operating activities	6.2	5.2
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(65.9)	(64.5)
Purchase of AIH, net of cash acquired	(891.8)	--
Other, net	2.2	6.5
Net cash used by investing activities	(955.5)	(58.0)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in long-term debt, net	689.0	(95.6)
Short-term borrowings, net	(64.7)	(12.0)
Increase in cash overdrafts	29.6	43.4
Proceeds from sale of common stock, net	281.6	103.7
Other, net	(9.2)	--
Net cash provided by financing activities	926.3	39.5
Effect of foreign currency translation	6.2	(2.8)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(16.8)	(16.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	32.0	55.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 15.2	$ 38.9
CHANGES IN WORKING CAPITAL		
Accounts receivable	$ (124.3)	$ (99.5)
Inventories	(14.4)	(17.4)
Accounts payable	20.0	54.2
Accrued liabilities and other	1.6	(13.7)
	$ (117.1)	$ (76.4)
SUPPLEMENTARY DISCLOSURE:		
Cash paid for interest	$ 53.9	$ 32.1
Cash paid for income taxes	$ 57.0	$ 30.2

The accompanying notes are an integral part of these statements.

LEAR SEATING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

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

(2) ACQUISITIONS

AUTOMOTIVE INDUSTRIES

On August 17, 1995, the Company purchased the issued and outstanding shares of common stock of Automotive Industries Holding, Inc. ("AIH") for an aggregate purchase price of approximately $927.6 million, including the assumption of $284.4 million of AIH's existing indebtedness and $18.2 million in fees and expenses. The initial funds for the purchase of AIH were provided by borrowings under the New Credit Agreement, as described in Note 4.

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

The acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed in the acquisition have been reflected in the accompanying balance sheet and the operating results of AIH have been included in the accompanying statements of operations and cash flow since the date of acquisition. The purchase price consisted of the following and has been allocated to the net assets purchased as follows (in millions):

Consideration paid to stockholders, including $1.9 million of stock options	$ 625.0
Retirement of debt assumed	250.5
Estimated Fees and expenses	18.2
Cost of acquisition	$ 893.7
Property, Plant and Equipment	$ 267.8
Net non-cash working capital	59.9
Other long-term assets purchased and liabilities assumed, net	8.7
Debt assumed	(33.9)
Goodwill	591.2
Total allocation of cost	$ 893.7

The allocation of the purchase price is based on historical information and management's estimates which may differ from the final allocation.

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

FSB ACQUISITION

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

Assuming the acquisitions of FSB and AIH had taken place as of the beginning of each of the periods presented, the consolidated pro forma results of operations of the Company would have been as follows, after giving effect to certain pro forma adjustments (Unaudited, in millions, except per share data):

	Three Months Ended		Nine Months Ended	
	September 30, 1995	October 1, 1994	September 30, 1995	October 1, 1994
Net sales	$ 1,178.1	$ 962.0	$ 3,790.4	$ 3,084.1
Income before extraordinary item	8.2	4.2	65.0	38.3
Net income	5.6	4.2	62.4	38.3
Income per share before extra-ordinary item	$ 0.14	$ 0.07	$ 1.09	$ 0.64
Net income per share	$ 0.09	$ 0.07	$ 1.04	$ 0.64

The pro forma information above does not purport to be indicative of the results that actually would have been achieved if the operations were combined during the periods presented, and is not intended to be a projection of future results or trends.

(3) ISSUANCE OF COMMON STOCK

In September 1995, the Company issued 10 million shares of common stock. Concurrently with this issuance, 11.5 million shares were sold by certain stockholders of the Company. Net of issuance costs, the Company received approximately $281.6 million for the shares of common stock sold by the Company. The proceeds of this issuance were used to repay indebtedness incurred in connection with the purchase of AIH (Note 2).

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

(4) NEW CREDIT AGREEMENT AND EARLY EXTINGUISHMENT OF DEBT

In connection with the AIH Acquisition, the Company entered into a $1.5 billion secured revolving credit agreement established with Chemical Bank and a syndicate of financial institutions (the "New Credit Agreement"). The New Credit Agreement replaced the Company's prior $500 million credit facility (the "Prior Credit Agreement") and accordingly, the unamortized portion of the finance fees relating to the Prior Credit Agreement have been written off by the Company in the current quarter as an extraordinary item. The net loss from this extraordinary item, after the effect of income taxes, is $2.6 million.

Borrowings under the New Credit Agreement bear interest, at the election of the Company, at a floating rate equal to (i) the higher of Chemical Bank's prime rate and the federal funds rate plus .5% or (ii) the Eurodollar rate (as defined in the New Credit Agreement) plus a borrowing margin of .5% to 1.0%. The New Credit Agreement is guaranteed by all of the Company's direct and indirect wholly-owned domestic subsidiaries. The applicable borrowing margin will be determined based on the satisfaction of specified ratios by the Company. Amounts available to be drawn under the New Credit Agreement will be reduced by an aggregate amount of $650 million during the term of the New Credit Agreement, which matures on September 30, 2001. Under the New Credit Agreement, dividends are limited to $2.5 million per quarter assuming no other events of default had occurred.

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

(5) INVENTORIES

Inventories are stated at the lower of cost or market. Cost is principally determined by using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

Inventories are comprised of the following (in millions):

	September 30, 1995	December 31, 1994
Raw materials	$ 117.0	$ 93.4
Work-in-process	18.5	13.9
Finished goods	50.4	19.3
	$ 185.9	$ 126.6

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

(6) LONG-TERM DEBT

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

	September 30, 1995	December 31, 1994
Domestic revolving credit loan	$ 808.8	$ 121.9
Domestic term loan	9.3	--
German term loan	6.5	7.1
Industrial Revenue Bonds	21.1	19.0
Capital lease obligations	12.2	--
Mortgages with banks	4.2	--
Loans from Governmental Agencies	5.3	2.6
	867.4	150.6
Less - Current portion	(5.8)	(1.9)
	861.6	148.7
Subordinated Debt:		
8 1/4 % Subordinated Notes	145.0	145.0
11 1/4 % Senior Subordinated Notes	125.0	125.0
	270.0	270.0
	$ 1,131.6	$ 418.7

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

(7) POST-RETIREMENT BENEFITS FOR FOREIGN PLANS

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

(8) COMMON SHARES OUTSTANDING

The weighted average number of shares of the Company's common stock is as follows for the periods presented:

	Three Months Ended		Nine Months Ended	
	September 30, 1995	October 1, 1994	September 30, 1995	October 1, 1994
Primary	50,927,792	49,384,436	49,985,045	46,773,561
Fully Diluted	50,966,315	49,416,237	50,206,725	46,852,607

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 1995 VS. THREE MONTHS ENDED OCTOBER 1, 1994.

Net sales of $1,080.6 million in the quarter ended September 30, 1995 surpassed the third quarter of 1994 by $382.1 million or 54.7%. Sales in the third quarter of the current fiscal year benefited from the acquisitions of Automotive Industries Holding Inc. (AIH) on August 17, 1995 and Fiat Seat Business (FSB) on December 15, 1994 and to new business in North America.

Net sales in the United States and Canada of $730.3 million increased in the third quarter of 1995 as compared to the third quarter of 1994 by $190.7 million or 35.3 %. Sales in the current quarter benefited from the contribution of $82.4 million in sales from the AIH acquisition and new Ford and General Motors passenger car and truck programs. Partially offsetting the increase in sales is a modest downturn in production build schedules by domestic automotive manufacturers on mature seat programs.

Net sales in Europe of $278.6 million in the third quarter of 1995 exceeded the comparable period in the prior year by $158.9 million or 132.7%. Sales in the quarter ended September 30, 1995 benefited from $123.4 million in sales from the FSB and AIH acquisitions, additional volume on existing programs in Sweden and England and favorable exchange rate fluctuations in Germany and Sweden.

Net sales in Mexico of $71.7 million in the current quarter surpassed the third quarter of the prior year by $32.4 million or 82.4% largely as a result of increased production requirements on established Chrysler truck and General Motors passenger car programs and a new General Motors truck program.

Gross profit (net sales less cost of sales) and gross margin (gross profit as a percentage of net sales) were $83.2 million and 7.7% for the quarter ended September 30, 1995 as compared to $48.9 million and 7.0% in the third quarter of 1994. Gross profit in the third quarter of 1995 benefitted from the overall growth in North American and European sales activity, including the acquisition of AIH and production of certain new business programs in the United States and Mexico. Partially offsetting the increase in gross profit were preproduction costs for the remainder of new operations in the United States and costs associated with new ventures in the Pacific Rim, South Africa and South America.

Selling, general and administrative expenses as a percentage of net sales increased to 3.2% for the quarter ended September 30, 1995 as compared to 2.8% a year earlier. The increase in actual expenditures was largely the result of the acquisitions of AIH and FSB and design and development costs associated with the expansion of business.

Operating income and operating margin (operating income as a percentage of sales) were $43.0 million and 4.0% for the third quarter of 1995 as compared to $26.2 million and 3.8% for the third quarter of 1994. The increase in operating income was primarily due to the AIH acquisition coupled with the benefits derived from incremental volume on domestic and foreign car and truck production. Partially offsetting the increase in operating income was engineering and administrative support expenses associated with the expansion of business, preproduction and facility costs for seat programs to be introduced globally within the next twelve months and operating losses associated with the integration of FSB into the company's operations. Non-cash depreciation and amortization charges were $23.3 million and $14.5 million for the third quarter of 1995 and 1994, respectively.

Interest expense for the third quarter of 1995 increased by $11.4 million from the comparable period in the prior year largely as a result of interest incurred on the additional debt utilized to finance the AIH and FSB acquisitions as well as higher interest rates in the current period for the Company's Credit Facility.

Other expenses for the three months ended September 30, 1995 which include state and local taxes, foreign exchange, equity income of non-consolidated affiliates and other non-operating expenses, increased in comparison to prior year due to foreign exchange losses incurred at the Company's North American and European operations and to increased state and local taxes associated with the AIH acquisition.

Net income for the third quarter of 1995 was $8.5 million, or $.17 per share as compared to $6.3 million or $.13 per share in the corresponding quarter in the prior year. The provision for income taxes was $5.9 million, or an effective tax rate of 34.7% for the current quarter as compared to $7.9 million, or an effective tax rate of 55.6% in the prior year. The 34.7% rate in the current quarter brings the nine-month tax rate in line with our current estimated annual rate of approximately 40%. Net Income for the quarter ended September 30, 1995 reflects an extraordinary loss of $2.6 million related to the early retirement of debt.

NINE MONTHS ENDED SEPTEMBER 30, 1995 VS. NINE MONTHS ENDED OCTOBER 1, 1994.

Net sales of $3,266.7 million for the nine month period of 1995 surpassed the nine month period of the prior year by $1,059.3 million or 48.0%. Sales as compared to the prior year benefitted from increased production build schedules on mature domestic and foreign seat programs, new business in North America and Europe and the acquisitions of AIH and FSB. For the nine month period ended September 30, 1995, AIH and FSB accounted for $420.8 million of the company's net sales.

Gross profit and gross margin were $254.7 million and 7.8% for the nine month period ended September 30, 1995 as compared to $177.5 million and 8.0% a year earlier. Gross profit in 1995 exceeded prior year due to increased market demand on mature North American and European seat programs and to the acquisition of AIH. Partially offsetting the increase in gross profit were program start-up expenses for recently opened facilities in North America, low margins at FSB, increased engineering expenses and costs associated with new global business opportunities.

Selling, general and administrative expenses as a percentage of net sales for the current period remained unchanged from prior year's 2.6%. The increase in actual expenditures is primarily due to the acquisitions of FSB and AIH, increased engineering and administrative expenses necessary to support domestic automotive manufacturers and expenses related to new business ventures.

Operating income and operating margin were $157.9 million and 4.8% for 1995 as compared to $110.8 million and 5.0% for the prior year. The increase in operating income was largely the result of vehicle production increases on carryover seat programs in North America and Europe and to the AIH acquisition which offset increased engineering and administrative support expenses, costs associated with new start-up facilities and losses related to FSB's operations. Non-cash depreciation and amortization charges were $60.4 million and $41.4 million for the nine month period of the current and prior years, respectively.

For the nine months ended September 30, 1995, interest expense increased by $14.8 million to $50.0 million as compared to prior year. The increase in interest expense was largely attributable to the acquisitions of AIH and FSB and to higher interest rates under the Company's credit facility.

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

Net income for the first nine months of 1995 was $54.4 million, or $1.09 per share as compared to net income of $34.0 million, or $.73 per share. The provision for income taxes in the current period was $40.6 million, or an effective tax rate of 41.6% versus $35.2 million and 50.9% for the comparable period in the previous year. The decrease in the rate compared to the previous period is due primarily to changes in operating performance and related income levels among the various tax jurisdictions. Earnings per share increased in the current period by 49.3% despite an increase in the number of shares outstanding and an extraordinary loss of $2.6 million for the early retirement of debt.

LIQUIDITY AND CAPITAL RESOURCES

Concurrently with the AIH Acquisition, the Company entered into a $1.5 billion secured revolving credit agreement with Chemical Bank and a syndicate of financial institutions (the "New Credit Agreement"). Borrowings under the New Credit Agreement were used (a) to finance the AIH Acquisition, including related fees and expenses, (b) to refinance certain existing indebtedness of AIH, (c) to refinance indebtedness under the Company's prior $500 million credit agreement, and (d) for other general corporate purposes. Proceeds from the New Credit Agreement will be available for general corporate purposes, including acquisitions, until maturity on September 30, 2001.

On September 20, 1995, the Company issued 10.0 million shares of common stock at $29.25 per share. The $281.6 million of proceeds, net of issuance costs, received by the Company were used to repay indebtedness incurred under the New Credit Agreement in connection with the purchase of AIH.

As of September 30, 1995, the Company had $863.7 million outstanding under the New Credit Agreement ($54.9 million of which was outstanding under letters of credit), resulting in approximately $636.3 million unused and available. Of the $808.8 million of borrowings outstanding (excluding letters of credit), $610.2 million related to the AIH Acquisition. The Company had $15.2 million of cash and cash equivalents as of September 30, 1995.

Amounts available under the New Credit Agreement will be reduced by an aggregate amount of $650.0 million prior to maturity on September 30, 2001. Borrowings under the New Credit Agreement bear interest, at the election of the Company, at a floating rate equal to (i) the higher of Chemical Bank's prime rate and .5% above the federal funds rate or (ii) the Eurodollar rate plus a margin of .5% to 1.0%. Under the New Credit Agreement, the Company is permitted to convert variable interest rate obligations up to an aggregate of $500 million into fixed interest rate agreements.

Net cash provided by operating activities increased to $6.2 million during the nine months ended September 30, 1995 compared to $5.2 million during the comparable period in 1994. Net income adjusted for a non-cash extraordinary loss (the write off of deferred finance fees relating to the existing $500 million credit agreement, $2.6 million) and non-cash depreciation and goodwill amortization increased by $42.0 million, to $117.4 million for the nine months ended September 30, 1995 from $75.4 million for the same period in 1994. Cash flow provided by earnings was partially offset by the net change in working capital.

The net change in working capital resulted in a net use of $117.1 million and $76.4 million for the nine months ended September 30, 1995 and October 1, 1994, respectively. The use of working capital was the result of the increase in accounts receivable ($124.3 million in 1995 compared to $99.5 million in 1994) caused by a 32% increase in net sales for the nine months of 1995 over the comparable period in 1994, offset by the associated increase in accounts payable ($20.0 million in 1995 and $54.2 million in 1994).

For the nine months ended September 30, 1995, net cash used by investing activities was $955.5 million as compared to $58.0 million for the same period in 1994. In addition to the $891.8 million required for the AIH Acquisition, the Company incurred $65.9 million for capital expenditures relating to a significant number of new programs which have either began production in 1995 or are scheduled to begin production in the near future. This level of capital expenditures is consistent with that of 1994, $64.5 million.

The Company believes that cash flows from operations and available credit facilities will be sufficient to meet its debt service obligations, projected capital expenditures and working capital requirements.

LEAR SEATING CORPORATION

PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

The following reports on Form 8-K were filed during the quarter ended September 30, 1995:

(a) August 11, 1995 - Amendment to the Form 8-K filed on December 15, 1994 for the acquisition of the Fiat Seat Business.

(b) August 28, 1995 - Form 8-K for the acquisition of Automotive Industries Holding, Inc.

The following exhibits are being filed as part of this report:

EXHIBIT NUMBER	EXHIBIT
2.1	Agreement and Plan of Merger, dated as of July 16, 1995, among the Company, AIHI Acquisition Corp. and Automotive Industries Holding, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated August 17, 1995).
10.1	Employment Agreement dated July 12, 1995 between Automotive Industries, Inc. and F. F. Sommer.
10.2	Credit Agreement dated as of August 17, 1995, among the Company, the several financial institutions parties thereto (collectively, the "Banks"), Chemical Bank, a New York banking corporation, as administrative agent for the Banks and the Managing Agents, Co-Agents and Lead Managers identified therein (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, dated August 17, 1995).
10.3	Automotive Industries Holding, Inc. 1992 Key Employee Stock Option Plan (incorporated by reference to the Company's Registration Statement on Form S-8 (No. 33-61739)).
10.4	Form of Option Assumption Agreement for the Automotive Industries Holding, Inc. 1992 Key Employee Stock Option Plan (incorporated b reference to the Company's Registration Statement on Form S-8 (No. 33-61739)).
27.	Financial Data Schedule for the Quarter Ended September 30, 1995, filed herewith.

SIGNATURES

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

LEAR SEATING CORPORATION

Dated: November 14, 1995   By: /s/ James H. Vandenberghe

James H. Vandenberghe
Executive Vice President
Chief Financial Officer

LEAR SEATING CORPORATION

FORM 10-Q
EXHIBIT INDEX
FOR THE QUARTER ENDED SEPTEMBER 30, 1995

EXHIBIT NUMBER	EXHIBIT
2.1	Agreement and Plan of Merger, dated as of July 16, 1995, among the Company, AIHI Acquisition Corp. and Automotive Industries Holding, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated August 17, 1995).
10.1	Employment Agreement dated July 12, 1995 between Automotive Industries, Inc. and F. F. Sommer.
10.2	Credit Agreement dated as of August 17, 1995, among the Company, the several financial institutions parties thereto (collectively, the "Banks"), Chemical Bank, a New York banking corporation, as administrative agent for the Banks and the Managing Agents, Co-Agents and Lead Managers identified therein (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, dated August 17, 1995).
10.3	Automotive Industries Holding, Inc. 1992 Key Employee Stock Option Plan (incorporated by reference to the Company's Registration Statement on Form S-8 (No. 33-61739)).
10.4	Form of Option Assumption Agreement for the Automotive Industries Holding, Inc. 1992 Key Employee Stock Option Plan (incorporated b reference to the Company's Registration Statement on Form S-8 (No. 33-61739)).
27.	Financial Data Schedule for the Quarter Ended September 30, 1995, filed herewith.

EXHIBIT 10.1

AUTOMOTIVE INDUSTRIES, INC.

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made as of July 12, 1995, between Automotive Industries, Inc., a Delaware corporation (the "Company"), and F.F. Sommer ("Executive").

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

1. Employment. The Company shall continue to employ Executive, and Executive hereby accepts such continued employment with the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the date hereof and ending as provided in paragraph 4 hereof (the "Employment Period").

2. Position and Duties.

   (a) During the Employment Period, Executive shall serve as the President and Chief Executive Officer of the Company and shall have the normal duties, responsibilities and authority of the President and Chief Executive Officer, subject to the power of the board of directors of the Company (the "Board") to expand or limit such duties, responsibilities and authority and to override actions of the President and Chief Executive Officer.

   (b) Executive shall report to the Board, and Executive shall devote his best efforts and his full business time and attention (except for the permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of the Company and its Subsidiaries. Executive shall perform his duties and responsibilities to the best of his abilities in a diligent, trustworthy, businesslike and efficient manner.

   (c) For purposes of this Agreement, "Subsidiaries" shall mean any corporation of which the securities having a majority of the voting power in electing directors are, at the time of determination, owned by the Company, directly or through one or more Subsidiaries.

3. Base Salary and Benefits.

    (a) During the Employment Period, Executive's base salary shall be $350,000 per annum or such higher rate as the Board may designate from time to time (the "Base Salary"), which salary shall be payable in regular installments in accordance with the Company's general payroll practices and shall be subject to customary withholding. In addition, during the Employment Period, Executive shall be entitled to participate in all of the Company's employee benefit programs, including performance based bonus for which senior executive employees of the Company and its Subsidiaries are generally eligible.

4. Term.

    (a) Unless renewed by the mutual agreement of the Company and Executive, the Employment Period shall begin on the date hereof and shall end on the third anniversary of such date; provided that (i) the Employment Period shall terminate prior to such date upon Executive's resignation, death or permanent disability or incapacity (as such disability or incapacity is determined by the Board in its good faith judgment) and (ii) the Employment Period may be terminated by the Company at any time prior to such date for Good Cause (as defined below) or without Good Cause.

    (b) If the Employment Period is terminated by the Company without Good Cause or if the Executive resigns for Good Reason (as defined below) prior to the third anniversary of the date of this Agreement, Executive shall be entitled to receive his Base Salary and medical and related fringe benefits through and until the third anniversary of the date hereof, if and only if Executive has not breached the provisions of paragraphs 6 and 7 hereof.

    (c) If the Employment Period is terminated by the Company for Good Cause or is terminated by the Executive without Good Reason, Executive shall be entitled to receive his Base Salary through the date of termination.

    (d) All of Executive's rights to fringe benefits and bonuses hereunder (if any) which accrue after the termination of the Employment Period shall cease upon such termination. The Company may offset any amounts Executive owes it or its Subsidiaries against any amounts it owes Executive hereunder.

(e) For purposes of this Agreement, "Good Cause" shall mean: (i) the commission of a felony or a crime involving dishonesty, disloyalty or fraud with respect to the Company or any of its Subsidiaries, (ii) willful engagement in gross misconduct that materially injures the Company or any of its Subsidiaries or (iii) any other material breach of this Agreement which is not cured within 15 days after written notice thereof to Executive.

(f) For purposes of this Agreement, "Good Reason" shall mean: (i) a material demotion in Executive's duties or responsibilities with respect to the Company, (ii) a material reduction in Executive's salary, benefits or aggregate compensation, (iii) the Executive being required to relocate outside of the United States or Canada, or (iv) other actions taken by the Company which materially and adversely change the conditions of Executive's employment; which demotion, reduction, move or other action, as the case may be, has continued for 15 days after delivery of written notice by Executive to the Company stating Executive's intent to terminate the Employment Period as a consequence of such action; provided that Executive's resignation actually occurs within 15 days following the delivery of such written notice.

5. Change in Control.

(a) In the event of an occurrence of a Change in Control (as defined below) within 1 year, the Company will pay Executive a bonus payment equal to $350,000 on the date of an occurrence of a Change in Control.

(b) For the purposes of this Agreement, "Change in Control" shall mean: (i) any "person" or "group" (as such terms are used in Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), who is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Automotive Industries Holding, Inc. (the "Parent") representing 20% or more of the combined voting power of the Parent's then outstanding securities (other than the Parent or J2R Corporation, Onex Corporation and their affiliates or any employee benefit plan of the Parent and, for purposes of this Agreement, no Change in Control shall be deemed to have occurred as a result of the "beneficial ownership," or changes therein, of the Company's securities by any of the foregoing), (ii) there shall be consummated (A) any consolidation or merger of the Parent in which the Parent is not the surviving or continuing corporation or pursuant to which shares of the Parent's capital stock would be converted into cash, securities or other property, other than a merger of the Parent in which the holders of the Parent's capital stock immediately prior to the merger have (directly or indirectly) at least an 80% ownership interest in the outstanding capital stock of the surviving corporation immediately after the merger, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Parent or the Company, (iii) the stockholders of the Parents or the Company approve any plan or proposal for the liquidation or dissolution of the Company, or (iv) as the result of, or in connection with, any cash tender offer, exchange offer, merger or other business combination, sale of assets, proxy or consent solicitation (other than by the board of directors of the Parent (the "Parent Board"), contested election or substantial stock accumulation (a "Control Transaction"), the members of the Parent Board immediately prior to the first public announcement relating to such Control Transaction shall thereafter cease to constitute a majority of the Parent Board.

(c) Notwithstanding paragraph (a) of this Section 5, if all or any portion of the payments or benefits provided under this Section 5 either alone or together with other payments or benefits which Executive receives or is entitled to receive from the Company and any of its subsidiaries, would constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), such payments or benefits provided to Executive under this Section 5 shall be reduced to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Code; but only if, by reason of such reduction, Executive's net after tax benefit shall exceed the net after tax benefit if such reduction were not made. "Net after tax benefit" for purposes of this Section 5 shall mean the sum of (i) the total amount payable to Executive under this Section 5, plus (ii) all other payments and benefits which Executive receives or is entitled to receive from the Company and any of its subsidiaries that would constitute a "parachute payment" within the meaning of Section 280G of the Code, less (iii) the amount of federal income taxes payable with respect to the payment and benefits described in (i) and (ii) above calculated at the maximum marginal income tax rate for each year in which such payments and benefits shall be paid to Executive (based upon the rate in effect for such year as set forth in the Code at the time of the first payment of the foregoing), less (iv) the amount of excise taxes imposed with respect to the payments and benefits described in (i) and (ii) above by Section 4999 of the Code.

6. Confidential Information. Executive acknowledges that the information, observations and data obtained by him while employed by the Company and its Subsidiaries concerning the business or affairs of the Company, or any other Subsidiary ("Confidential Information") are the property of the Company or such Subsidiary. Therefore, Executive agrees that he shall not disclose to any unauthorized person or use for his own purposes any Confidential Information without the prior written consent of the Board, unless and to the extent that the aforementioned matters become generally known to and available for use by the public other than as a result of Executive's acts or omissions. Executive shall deliver to the Company at the termination of the Employment Period, or at any other time the Company may request, all memoranda, notes, plans, records, reports, computer tapes, printouts and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company or any Subsidiary which he may then possess or have under his control.

7. Non-Compete, Non-Solicitation.

    (a) In further consideration of the compensation to be paid to Executive hereunder, Executive acknowledges that in the course of his employment with the Company he has become familiar with the Company's trade secrets and with other Confidential Information concerning the Company and its Subsidiaries and that his services have been and shall be of special, unique and extraordinary value to the Company and its Subsidiaries. Therefore, Executive agrees that, if the Executive is terminated for Good Cause or resigns other than for Good Reason, for a period one year after such termination or resignation (the "Noncompete Period"), he shall not directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the businesses of the Company or its Subsidiaries, as such businesses exist or are in process on the date of the termination of Executive's employment, within any geographical area in which the Company or its Subsidiaries engage or plan to engage in such businesses. Nothing herein shall prohibit Executive from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

    (b) During the Noncompete Period, Executive shall not directly or indirectly through another entity (i) induce or attempt to induce any employee of the Company or any Subsidiary to leave the employ of the Company or such Subsidiary, or in any way interfere with the relationship between the Company or any Subsidiary and any employee thereof, or (ii) induce or attempt to induce any customer, supplier, licensee, licensor, franchisee or other business relation of the Company or any Subsidiary to cease doing business with the Company or such Subsidiary, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any Subsidiary.

(c) If, at the time of enforcement of this paragraph 7, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law. Executive agrees that the restrictions contained in this paragraph 7 are reasonable.

(d) In the event of the breach or a threatened breach by Executive of any of the provisions of this paragraph 7, the Company, in addition and supplementary to other rights and remedies existing in its favor, may apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). In addition, in the event of an alleged breach or violation by Executive of this paragraph 7, the Noncompete Period shall be tolled until such breach or violation has been duly cured.

8. Executive's Representations. Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which he is bound, (ii) Executive is not a party to or bound by any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity and (iii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be valid and binding obligation of Executive, enforceable in accordance with its terms.

9. Survival. Paragraphs 6 and 7 and paragraphs 10 through 17 shall survive and continue in full force in accordance with their terms notwithstanding any termination of the Employment Period.

10. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or mailed by first class mail, return receipt requested, to the recipient at the address below indicated:

Notices to Executive:

F.F. Sommer
Automotive Industries, Inc.
2998 Waterview
Rochester Hills, MI 48309

Notices to the Company:

Chairman
Automotive Industries, Inc.
2998 Waterview
Rochester Hills, MI 48309

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when so delivered or mailed.

11. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

12. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

13. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

14. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

15. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, the Company and their respective heirs, successors and assigns, except that Executive may not assign his rights or delegate his obligations hereunder without the prior written consent of the Company.

16. Choice of Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Michigan, without giving effect to any choice of law or conflict of law, rules or provisions (whether of the State of Michigan or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Michigan. In furtherance of the foregoing, the internal law of the State of Michigan shall control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even though under that jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

17. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing and provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

AUTOMOTIVE INDUSTRIES, INC.

By /s/ Scott D. Rued

Its Vice President

/s/ F.F. Sommer

F.F. SOMMER

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