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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) **August 2, 2007**

LEAR CORPORATION

(Exact name of Registrant as specified in its charter)

**Delaware**

**1-11311**

**13-3386776**

(State or other  
jurisdiction of  
incorporation)

(Commission File Number)

(IRS Employer  
Identification  
Number)

**21557 Telegraph Road, Southfield, Michigan**

**48033**

(Address of principal executive offices)

(Zip Code)

**(248) 447-1500**

(Registrant's telephone number, including area code)

**N/A**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Lear Corporation (“Lear” or the “Company”) is filing this Form 8-K to (i) furnish information regarding Lear’s results of operations for the second quarter of 2007, (ii) update Lear’s financial outlook for 2007 and (iii) supplement Lear’s Current Report on Form 8-K initially filed on June 27, 2005, as supplemented on August 30, 2005, January 25, 2006, October 26, 2006, January 11, 2007, January 25, 2007 and April 25, 2007, in order to update certain disclosures with respect to Lear’s restructuring strategy (the “Restructuring”).

#### FORWARD-LOOKING STATEMENTS

The Current Report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. 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 or currency exchange rates, the financial condition of the Company’s customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, disruptions in the relationships with the Company’s suppliers, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company’s ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment or similar actions, increases in the Company’s warranty or product liability costs, risks associated with conducting business in foreign countries, competitive conditions impacting the Company’s key customers and suppliers, raw material costs and availability, the Company’s ability to mitigate the significant impact of increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in cash flow, including the Company’s ability to align its vendor payment terms with those of its customers, the success of the Company’s restructuring initiative and other risks described from time to time in the Company’s Securities and Exchange Commission filings.

The forward-looking statements in this Current Report on Form 8-K are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

#### Section 2 – Financial Information

##### Item 2.02 Results of Operations and Financial Condition.

The following information is provided pursuant to Item 2.02 of Form 8-K, “Results of Operations and Financial Condition,” and Item 7.01 of Form 8-K, “Regulation FD Disclosure.”

On August 2, 2007, Lear Corporation issued a press release reporting its financial results for the second quarter of 2007 and updating its financial outlook for 2007. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

On August 2, 2007, Lear Corporation made available the presentation slides attached hereto as Exhibit 99.2 in a webcast of its second quarter 2007 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.

**Item 2.05 Costs Associated with Exit or Disposal Activities.**

As part of its previously announced Restructuring, Lear has continued consolidation and census actions. In the first six months of 2007, these actions resulted in net charges of \$50.6 million, consisting of employee termination costs of \$42.5 million, fixed asset impairment charges of \$6.8 million, contract termination costs of (\$7.3) million (including a net pension and other postretirement benefit plan curtailment gain of \$12.2 million) and other costs of \$8.6 million (including \$4.7 million of estimated manufacturing inefficiency costs resulting from the Restructuring). The severance and other incremental costs represent cash charges, while the asset impairment charges represent non-cash charges. Cash payments related to the Restructuring totaled \$66.8 million in the first six months of 2007.

Although all aspects of the Restructuring have not been finalized, the Company continues to expect to incur total pretax costs of approximately \$300 million through 2007 in connection with the Restructuring, of which \$254.7 million of costs have been incurred to date. Lear continues to estimate that approximately 90% of the restructuring costs will result in cash expenditures.

**Item 2.06 Material Impairments.**

The information set forth under Item 2.05 relating to impairment charges is incorporated herein by reference.

**Section 7 – Regulation FD**

**Item 7.01 Regulation FD Disclosure.**

See “Item 2.02 Results of Operations and Financial Condition” above.

**Section 9 – Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

99.1 Press release issued August 2, 2007, furnished herewith.

99.2 Presentation slides from the Lear Corporation webcast of its second quarter 2007 earnings call held on August 2, 2007, furnished herewith.

**SIGNATURES**

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

**Lear Corporation**

Date: August 2, 2007

By: /s/ James H. Vandenberghe

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Name: James H. Vandenberghe  
Title: Vice Chairman and  
Chief Financial Officer

## EXHIBIT INDEX

Exhibit No.	Description
<a href="#">99.1</a>	<a href="#">Press release issued August 2, 2007, furnished herewith.</a>
<a href="#">99.2</a>	<a href="#">Presentation slides from the Lear Corporation webcast of its second quarter 2007 earnings call held on August 2, 2007, furnished herewith.</a>

FOR IMMEDIATE RELEASE

**Investor Relations:**

**Mel Stephens**  
**(248) 447-1624**

**Media:**

**Andrea Puchalsky**  
**(248) 447-1651**

**Lear Reports Improved Second-Quarter Financial Results**  
**and Updates Full-Year Outlook**

**SOUTHFIELD, Mich., August 2, 2007** — Lear Corporation [NYSE: LEA], a leading global supplier of automotive seating systems, electrical distribution systems and electronic products, today reported financial results for the second quarter of 2007 and updated its full-year 2007 financial outlook.

**Second-Quarter Highlights:**

- **Reported net sales of \$4.2 billion and improved pretax income**
- **Achieved positive free cash flow of \$204 million**
- **Core operating earnings of \$229 million**
- **Significant progress on global restructuring initiative**
- **First market application of SoyFoam™ in 2008 Ford Mustang**

For the second quarter of 2007, Lear reported net sales of \$4.2 billion and pretax income of \$143.9 million, including restructuring costs of \$34.8 million and other special items of \$3.4 million. For the second quarter of 2006, Lear reported net sales of \$4.8 billion and pretax income of \$31.5 million, including restructuring costs and other special items of \$24.3 million.

In Lear's seating and electrical and electronic segments, net sales were \$4.1 billion and income before interest, other expense, income taxes, restructuring costs and other special items (core operating earnings) were \$229.3 million for the second quarter of 2007. This compares with net sales of \$3.9 billion and core operating earnings of \$164.7 million for the second quarter of 2006. A reconciliation of core operating earnings to pretax income as determined by generally accepted accounting principles is provided in the supplemental data pages.

"The Lear team was able to deliver improved financial results as benefits from restructuring activities, ongoing cost and efficiency actions and new business globally more than offset lower production in North America," said Bob Rossiter, Lear Chairman and Chief Executive Officer. "Going forward, we plan to continue

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with our strategy of global restructuring and further sales diversification to improve our longer-term competitiveness.”

The decline in reported net sales for the quarter reflects primarily the divestiture of Lear’s Interior business and lower production in North America, offset in part by the benefit of new business mainly outside of North America and favorable foreign exchange. Operating improvement reflects favorable cost performance, the benefit of new business and the divestiture of Lear’s Interior business, offset in part by lower production in North America.

In the seating segment, operating margins improved, reflecting favorable cost performance from restructuring and ongoing efficiency actions, selective vertical integration and the benefit of new business primarily outside of North America. In the electrical and electronic segment, operating margins declined, reflecting unfavorable net pricing, lower volume in North America, the roll-off of two programs in North America as well as litigation costs and other commercial items.

Lear reported net income of \$123.6 million, or \$1.58 per share, for the second quarter of 2007. This compares with a net loss of \$6.4 million, or \$0.10 per share, for the second quarter of 2006.

Free cash flow in the second quarter of 2007 was \$204.0 million as compared to \$0.8 million in the second quarter of 2006. The improvement reflects primarily the improvement in earnings and lower capital spending. (Net cash provided by operating activities was \$289.3 million in the second quarter of 2007 as compared to \$74.8 million in the second quarter of 2006. A reconciliation of free cash flow to net cash provided by operating activities is provided in the supplemental data pages.)

During the second quarter, the Company continued to make solid progress on its global restructuring initiative, including actions related to low-cost country sourcing, capacity alignment and further administrative consolidation actions. Also during the quarter, the Company continued to win new business in Asia and with Asian manufacturers globally. In addition, Lear announced an industry first with its agreement to supply Ford Motor Company with SoyFoam™ for the seats in the 2008 Ford Mustang.

#### **Full-Year 2007 Outlook**

Summarized below is the 2007 financial outlook for Lear’s core businesses. The outlook excludes results for Lear’s Interior business for the full year. On this basis, Lear expects 2007 net sales of approximately \$15.0 billion. This is up about \$200 million from the prior outlook, reflecting primarily a stronger Euro and increased production outside of North America.

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Lear anticipates 2007 core operating earnings to be in the range of \$600 to \$640 million. This is unchanged from the last full-year outlook provided, but the Company now sees earnings at or near the high end of this range.

Restructuring costs in 2007 are estimated to be about \$100 million.

Interest expense is estimated to be in the range of \$210 to \$215 million. Pretax income before restructuring costs and other special items is estimated to be in the range of \$335 to \$375 million. Tax expense is expected to be approximately \$120 million, depending on the mix of earnings by country.

Capital spending in 2007 is estimated at approximately \$235 million, down \$15 million from the prior outlook, reflecting primarily program timing and spending efficiencies. Depreciation and amortization expense is estimated at about \$310 million.

Free cash flow is expected to be positive at about \$275 million for the year.

Key assumptions underlying Lear's full-year financial outlook include expectations for industry vehicle production of approximately 15.1 million units in North America and 19.7 million units in Europe. In addition, we are assuming an exchange rate of \$1.34/Euro.

Lear will webcast its second-quarter earnings conference call through the Investor Relations link at <http://www.lear.com> at 9:00 a.m. EDT on August 2, 2007. In addition, the conference call can be accessed by dialing 1-800-789-4751 (domestic) or 1-706-679-3323 (international). The audio replay will be available two hours following the call at 1-800-642-1687 (domestic) or 1-706-645-9291 (international) and will be available until August 16, 2007, with a Conference I.D. of 10224663.

#### **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 press release, the Company has provided information regarding "seating and electrical and electronic income before interest, other expense, income taxes, restructuring costs and other special items" (core operating earnings), "pretax income before restructuring costs and other special items" and "free cash flow" (each, a non-GAAP financial measure). Other expense includes, among other things, state and local non-income taxes, foreign exchange gains and losses, fees associated with the Company's asset-backed securitization and factoring facilities, minority interests in consolidated subsidiaries, equity in net income of affiliates and gains and losses on the sale of assets. 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

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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 the non-GAAP financial measures used in this press release 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 core operating earnings and pretax income before restructuring costs and other special items are useful measures in assessing the Company's financial performance by excluding certain items (including those items that are included in other expense) 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 also believes that these measures are useful to both management and investors in their analysis of the Company's results of operations and provide improved comparability between fiscal periods. 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 these non-GAAP financial measures for planning and forecasting in future periods.

Core operating earnings, pretax income before restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for pretax income, net income, cash provided by operating activities or other income statement or 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 therefore, 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.

For reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, see the supplemental data pages which, together with this press release, have been posted on the Company's website through the Investor Relations link at <http://www.lear.com>. Given the inherent uncertainty regarding special items, other expense and the net change in sold accounts receivable in any future period, a reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is not feasible. The magnitude of these items, however, may be significant.

#### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. 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

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the Company operates, including changes in interest rates or currency exchange rates, the financial condition of the Company's customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, disruptions in the relationships with the Company's suppliers, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment or similar actions, increases in the Company's warranty or product liability costs, risks associated with conducting business in foreign countries, competitive conditions impacting the Company's key customers and suppliers, raw material costs and availability, the Company's ability to mitigate the significant impact of increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in cash flow, including the Company's ability to align its vendor payment terms with those of its customers, the success of the Company's restructuring initiative and other risks described from time to time in the Company's Securities and Exchange Commission filings.

The forward-looking statements in this press release are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

Lear Corporation is one of the world's largest suppliers of automotive seating systems, electrical distribution systems and electronic products. Lear's world-class products are designed, engineered and manufactured by a diverse team of more than 90,000 employees at 236 facilities in 33 countries. Lear's headquarters are in Southfield, Michigan. Lear is traded on the New York Stock Exchange under the symbol [LEA]. Further information about Lear is available on the Internet at <http://www.lear.com>.

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**Lear Corporation and Subsidiaries**  
**Consolidated Statements of Operations**

(Unaudited; in millions, except per share amounts)

	Three Months Ended	
	June 30, 2007	July 1, 2006
Net sales	\$ 4,155.3	\$ 4,810.2
Cost of sales	3,817.7	4,526.1
Selling, general and administrative expenses	142.8	170.9
Goodwill impairment charge	—	2.9
Divestiture of Interior business	(0.7)	—
Interest expense	51.3	53.2
Other expense, net	0.3	25.6
	143.9	31.5
Income before income taxes	143.9	31.5
Income tax provision	20.3	37.9
	\$ 123.6	\$ (6.4)
Net income (loss)	\$ 123.6	\$ (6.4)
	\$ 1.61	\$ (0.10)
Basic net income (loss) per share	\$ 1.61	\$ (0.10)
	\$ 1.58	\$ (0.10)
Diluted net income (loss) per share	\$ 1.58	\$ (0.10)
Weighted average number of shares outstanding		
Basic	76.7	67.3
	78.2	67.3
Diluted	78.2	67.3

**Lear Corporation and Subsidiaries**  
**Consolidated Statements of Operations**

(Unaudited; in millions, except per share amounts)

	Six Months Ended	
	June 30, 2007	July 1, 2006
Net sales	\$ 8,561.4	\$ 9,488.7
Cost of sales	7,912.9	8,985.4
Selling, general and administrative expenses	269.3	335.9
Goodwill impairment charge	—	2.9
Divestiture of Interior business	24.9	—
Interest expense	102.8	100.9
Other expense, net	25.3	17.3
Income before income taxes and cumulative effect of a change in accounting principle	226.2	46.3
Income tax provision	52.7	37.7
Income before cumulative effect of a change in accounting principle	173.5	8.6
Cumulative effect of a change in accounting principle, net of tax	—	2.9
Net income	\$ 173.5	\$ 11.5
Basic net income per share		
Income before cumulative effect of a change in accounting principle	\$ 2.27	\$ 0.13
Cumulative effect of a change in accounting principle	—	0.04
Basic net income per share	\$ 2.27	\$ 0.17
Diluted net income per share		
Income before cumulative effect of a change in accounting principle	\$ 2.22	\$ 0.13
Cumulative effect of a change in accounting principle	—	0.04
Diluted net income per share	\$ 2.22	\$ 0.17
Weighted average number of shares outstanding		
Basic	76.5	67.3
Diluted	78.1	68.0

**Lear Corporation and Subsidiaries**  
**Consolidated Balance Sheets**

(In millions)

	June 30, 2007	December 31, 2006
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current:</b>		
Cash and cash equivalents	\$ 565.2	\$ 502.7
Accounts receivable	2,537.2	2,006.9
Inventories	564.7	581.5
Current assets of business held for sale	—	427.8
Other	321.0	371.4
	<u>3,988.1</u>	<u>3,890.3</u>
<b>Long-Term:</b>		
PP&E, net	1,370.6	1,471.7
Goodwill, net	2,011.9	1,996.7
Other	551.2	491.8
	<u>3,933.7</u>	<u>3,960.2</u>
<b>Total Assets</b>	<u>\$ 7,921.8</u>	<u>\$ 7,850.5</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current:</b>		
Short-term borrowings	\$ 9.9	\$ 39.3
Accounts payable and drafts	2,623.2	2,317.4
Accrued liabilities	1,182.9	1,099.3
Current liabilities of business held for sale	—	405.7
Current portion of long-term debt	100.3	25.6
	<u>3,916.3</u>	<u>3,887.3</u>
<b>Long-Term:</b>		
Long-term debt	2,352.4	2,434.5
Long-term liabilities of business held for sale	—	48.5
Other	819.5	878.2
	<u>3,171.9</u>	<u>3,361.2</u>
<b>Stockholders' Equity</b>	<u>833.6</u>	<u>602.0</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 7,921.8</u>	<u>\$ 7,850.5</u>

**Lear Corporation and Subsidiaries**  
**Supplemental Data**

(Unaudited; in millions, except content per vehicle and share data)

	Three Months Ended	
	June 30, 2007	July 1, 2006
<b>Net Sales</b>		
North America	\$ 1,909.2	\$ 2,714.5
Europe	1,790.5	1,713.1
Rest of World	455.6	382.6
<b>Total</b>	<b>\$ 4,155.3</b>	<b>\$ 4,810.2</b>
<b>Net Sales - Core Businesses</b>		
North America	\$ 1,877.6	\$ 2,006.9
Europe	1,756.4	1,503.6
Rest of World	455.6	373.3
<b>Total</b>	<b>\$ 4,089.6</b>	<b>\$ 3,883.8</b>
<b>Content Per Vehicle*</b>		
North America	\$ 474	\$ 660
North America - core businesses	\$ 466	\$ 488
Europe	\$ 347	\$ 334
Europe - core businesses	\$ 340	\$ 293
<b>Free Cash Flow **</b>		
Net cash provided by operating activities	\$ 289.3	\$ 74.8
Net change in sold accounts receivable	(46.2)	18.1
Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	243.1	92.9
Capital expenditures	(39.1)	(92.1)
<b>Free cash flow</b>	<b>\$ 204.0</b>	<b>\$ 0.8</b>
<b>Depreciation and Amortization</b>	<b>\$ 75.7</b>	<b>\$ 103.5</b>
<b>Core Operating Earnings **</b>		
Pretax income	\$ 143.9	\$ 31.5
Interest expense	51.3	53.2
Other expense, net	0.3	30.6 ***
Restructuring costs and other special items -		
Costs related to divestiture of Interior business	1.1	—
Fixed asset impairment charges related to Interior business	—	7.2
Goodwill impairment charge related to Interior business	—	2.9
Costs related to restructuring actions	34.8	15.2
Costs related to merger transaction	2.3	—
Gain on joint venture transaction	—	(1.0)
Less: Interior business	(4.4)	25.1
<b>Core operating earnings</b>	<b>\$ 229.3</b>	<b>\$ 164.7</b>

\* Content Per Vehicle for 2006 has been updated to reflect actual production levels.

\*\* See “Non-GAAP Financial Information” included in this press release.

\*\*\* Reported 2006 other expense, net of \$25.6 million includes gains of \$5.0 million related to restructuring costs and other special items detailed above.

**Lear Corporation and Subsidiaries**  
**Supplemental Data**

(Unaudited; in millions, except content per vehicle and share data)

	Six Months Ended	
	June 30, 2007	July 1, 2006
<b>Net Sales</b>		
North America	\$ 4,135.0	\$ 5,356.3
Europe	3,557.2	3,390.3
Rest of World	869.2	742.1
<b>Total</b>	<b>\$ 8,561.4</b>	<b>\$ 9,488.7</b>
<b>Net Sales - Core Businesses</b>		
North America	\$ 3,523.0	\$ 3,963.0
Europe	3,489.2	2,975.5
Rest of World	860.3	725.1
<b>Total</b>	<b>\$ 7,872.5</b>	<b>\$ 7,663.6</b>
<b>Content Per Vehicle *</b>		
North America	\$ 528	\$ 650
North America - core businesses	\$ 450	\$ 481
Europe	\$ 343	\$ 331
Europe - core businesses	\$ 337	\$ 291
<b>Free Cash Flow **</b>		
Net cash provided by operating activities	\$ 247.5	\$ 114.2
Net change in sold accounts receivable	(7.3)	(20.0)
Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	240.2	94.2
Capital expenditures	(68.3)	(184.7)
<b>Free cash flow</b>	<b>\$ 171.9</b>	<b>\$ (90.5)</b>
<b>Depreciation and Amortization</b>	\$ 150.2	\$ 201.3
<b>Basic Shares Outstanding at end of quarter</b>	76,700,558	67,338,918
<b>Diluted Shares Outstanding at end of quarter ***</b>	78,156,875	67,338,918
<b>Core Operating Earnings **</b>		
Pretax income	\$ 226.2	\$ 46.3
Interest expense	102.8	100.9
Other expense, net	21.4 ****	48.6 ****
Restructuring costs and other special items -		
Costs related to divestiture of Interior business	34.9	—
Fixed asset impairment charges related to Interior business	—	9.2
Goodwill impairment charge related to Interior business	—	2.9
Costs related to restructuring actions	50.6	39.8
U.S. salaried pension plan curtailment gain	(36.4)	—
Costs related to merger transaction	11.7	—
(Gain) loss on joint venture transactions	3.9	(26.9)
Less: Interior business	(15.6)	75.8
<b>Core operating earnings</b>	<b>\$ 399.5</b>	<b>\$ 296.6</b>

\* Content Per Vehicle for 2006 has been updated to reflect actual production levels.

\*\* See "Non-GAAP Financial Information" included in this press release.

\*\*\* Calculated using stock price at end of quarter. Excludes certain shares related to outstanding convertible debt, as well as certain options, restricted stock units, performance units and stock appreciation rights, all of which were antidilutive.

\*\*\*\* Reported 2007 and 2006 other expense, net of \$25.3 million and \$17.3 million, respectively, include (gains) losses of \$3.9 million and \$(31.3) million, respectively, related to restructuring costs and other special items detailed above.

*advance relentlessly®*

***Second-Quarter 2007 Results and  
Full-Year 2007 Financial Outlook***

*August 2, 2007*





## Agenda

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- ▶▶ **Company Overview and Business Plan**
  - *Bob Rossiter, Chairman and CEO*
  
- ▶▶ **Second-Quarter 2007 Results and 2007 Outlook**
  - *Jim Vandenberghe, Vice Chairman and CFO*
  
- ▶▶ **Q and A Session**

# Company Overview and Business Plan

## What Does the Shareholder Vote Against the AREP Merger Proposal Mean?\*

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- ▶▶ Lear's shareholders have voted, and we respect their decision
- ▶▶ At the time of the Merger Proposal, we had a clear strategy and business plan for the future
- ▶▶ Nevertheless, the Board was obligated to evaluate the AREP offer and make a recommendation
- ▶▶ Following a comprehensive and objective review, the Board concluded the AREP offer was fair
- ▶▶ While we believed there were benefits to the transaction, we also believe a standalone, publicly traded Lear has a positive long-term outlook
- ▶▶ The Board and management team are focused on executing the strategic plan we have in place

***We Will Operate The Company Going Forward With The Same Level Of Intensity And Commitment To Customer Satisfaction And Shareholder Value We Have Always Had***

\* Please see slide titled "Forward-Looking Statements" at the end of this presentation for further information.

## Following the Offer, Near-Term Factors Turned More Positive\*

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- ▶▶ Auto sector valuations increased significantly
- ▶▶ Big Three production in the first half was relatively stable and somewhat stronger than we had forecast
- ▶▶ Distress in the supply chain has moderated somewhat
- ▶▶ There were no labor disruptions in the auto sector, and there is optimism regarding the outcome of this year's union contract negotiations
- ▶▶ Lear's second-quarter operating results and full-year 2007 outlook improved

### *Investor Sentiment Regarding The Auto Sector Improved In The First Half Of 2007*

\* Please see slide titled "Forward-Looking Statements" at the end of this presentation for further information.

## **Business Assessment\***

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### Near-Term Business Conditions Relatively Stable







- ▶▶ Continuing priority focus on quality and business fundamentals
- ▶▶ Seating business performing well globally
- ▶▶ Electrical and Electronic business needs further improvement

### Further Industry Restructuring and Volatility Expected

- ▶▶ Substantial progress on global restructuring initiative
- ▶▶ Continuing to diversify our sales with rapid growth in total Asian sales

\* Please see slide titled "Forward-Looking Statements" at the end of this presentation for further information.

## New Asian Program Awards in Second Quarter

Automaker	Market	Lear Content	Vehicle Program(s)	SOP**
	China	Seats	B13 CV	Jun-08
	China	Seats	A4	Nov-08
	China	Seats	FC2/3	Apr-08
	China	Wire Harness/Junction Box/TPMS	FC2/3	Jun-08
	North America	Junction Box	Sonata/Santa Fe	Feb-08
	Australia	Tier II Seat Components	380	Apr-07

***New Asian Business Awarded In Second Quarter  
Worth About \$100 Million Annually \****

\* Includes consolidated and non-consolidated sales.

\*\* Please see slide titled "Forward-Looking Statements" at the end of this presentation for further information.

# Going Forward, What is Lear's Business Plan?\*

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**Continue to execute the customer-focused business plan we have in place:**

## **Product-Line Focus**

- ▶▶ Focus on strengthening our core businesses:
  - Leverage leadership position in Seating systems
  - Strengthen capabilities in Electrical and Electronic segment
  - Expand capabilities in value-added components

## **Operating Priorities**

- ▶▶ Deliver world-class quality and customer satisfaction
- ▶▶ Implement global restructuring and footprint actions
- ▶▶ Aggressively pursue growth in Asia and with Asian OEMs globally
- ▶▶ Continue product innovation with focus on safety and technology

\* Please see slide titled "Forward-Looking Statements" at the end of this presentation for further information.

# **Second-Quarter Results and 2007 Outlook**



## Financial Summary\*

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- ▶▶ Second-Quarter special items include:
  - Costs related to restructuring actions
  - Costs related to AREP merger transaction
  - Costs related to divestiture of Interior business
  
- ▶▶ Second-Quarter core operating earnings were \$229 million, up \$65 million from a year ago, reflecting:
  - Favorable cost performance and operating efficiencies
  - Improved operating performance in Europe and Asia
  - Benefit of new business, mainly Seating outside of North America
  
- ▶▶ Full-Year outlook unchanged from latest status, but we now expect earnings at or near the high end of the range:
  - Core operating earnings range remains at \$600 to \$640 million
  - Operating performance positive; production outlook uncertain
  - Free cash flow increased to \$275 million, reflecting lower capital spending

\* Core operating earnings represent seating and electrical and electronic income before interest, other expense, income taxes, restructuring costs and other special items. Free cash flow represents net cash provided by operating activities before the net change in sold accounts receivable, less capital expenditures. Please see slides titled "Non-GAAP Financial Information" and "Forward Looking Statements" at the end of this presentation for further information.

## Second Quarter 2007 Industry Environment



	<u>Second Quarter 2007</u>	<u>Second Quarter 2007 vs. 2006</u>
<b>North American Production</b>		
Industry	4.0 mil	Down 2%
Big Three	2.7 mil	Down 7%
Lear's Top 15 Platforms	1.3 mil	Down 6%
<b>European Production</b>		
Industry	5.2 mil	Up 1%
Lear's Top 5 Customers	2.6 mil	Up 1%
<b>Key Commodities (Quarterly Average)</b>		
	<u>vs. Prior Quarter</u>	
Steel (Hot Rolled)	Up 5%	Down 6%
Crude Oil	Up 11%	Down 8%
Copper	Up 28%	Up 11%

## Second Quarter 2007 Reported Financial Results



(in millions, except net income per share)	<i>Second Quarter 2007</i>	<i>Second Quarter 2006</i>	<i>2Q '07 B/(W) 2Q '06</i>
<b>Net Sales</b>	\$4,155.3	\$4,810.2	(\$654.9)
<b>Income Before Interest, Other Expense and Income Taxes*</b>	\$194.8	\$113.2	\$81.6
<b>Pretax Income</b>	\$143.9	\$31.5	\$112.4
<b>Net Income (Loss)</b>	\$123.6	(\$6.4)	\$130.0
<b>Net Income (Loss) Per Share</b>	\$1.58	(\$0.10)	\$1.68
<b>SG&amp;A % of Net Sales</b>	3.4 %	3.6 %	0.2 pts.
<b>Interest Expense</b>	\$51.3	\$53.2	\$1.9
<b>Depreciation / Amortization</b>	\$75.7	\$103.5	\$27.8
<b>Other Expense, Net</b>	\$0.3	\$25.6	\$25.3

\* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information.

# Second Quarter 2007

## Restructuring Costs and Other Special Items\*



### Second Quarter

*Income Before  
Interest, Other  
Expense and  
Income Taxes*

(in millions)

#### **Reported Results**

2007 Total Company	\$	194.8
2007 Residual Interior business		(0.6)
2007 Seating/Electrical and Electronic businesses	\$	195.4

#### **Reported Results Include the Following Items:**

Costs related to restructuring actions	\$	29.8
Costs related to merger transaction		2.3
Costs related to divestiture of Interior business		1.8

2007 Core Operating Earnings	\$	229.3
2006 Core Operating Earnings	\$	164.7

Memo:		
Income Statement Category	COGS	SG&A
	\$ 24.4	\$ 5.4
	-	2.3
	1.3	0.5

\* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information.

## Second Quarter 2007 Net Sales Changes and Margin Impact Versus Prior Year



<u>Performance Factor</u>	<u>Net Sales Change</u> (in millions)	<u>Margin Impact</u>	<u>Comments</u>
<b>Industry Production / Platform Mix / Net Pricing / All Other</b>	\$ (171)	Negative	Primarily lower production in North America
<b>Global New Business</b>	266	Positive	Nissan Qashqai, Range Rover, Fiat Bravo and Audi TT in Europe; Hyundai Veracruz in Asia; GMT 900 pickup and Hyundai Santa Fe in N.A.
<b>F/X Translation</b>	143	Neutral	Euro up 7%, Canadian dollar up 2%
<b>Acquisition / Divestiture</b>	(893)	Positive	Divestiture of Interior business
<b>Commodity</b>		Neutral	Steel down 6% and copper up 11%, with some prior period recovery; crude oil down 8%
<b>Performance</b>		Positive	Favorable operating performance in core businesses, including benefits from restructuring actions and vertical integration

## Second Quarter 2007 Business Segment Results



(\$ in millions)	Second Quarter			
	2007		2006	
<b>Seating</b>		<b>Margin</b>		<b>Margin</b>
Net Sales	\$ 3,264.5		\$ 3,096.1	
Reported Segment Earnings*	\$ 238.8	7.3%	\$ 171.5	5.5%
Adjusted Earnings**	\$ 250.4	7.7%	\$ 175.4	5.7%
<b>Electrical and Electronic</b>				
Net Sales	\$ 825.1		\$ 787.7	
Reported Segment Earnings*	\$ 23.5	2.8%	\$ 38.0	4.8%
Adjusted Earnings**	\$ 38.6	4.7%	\$ 50.8	6.4%
<b>Headquarters Costs</b>				
Reported Segment Earnings*	\$ (66.9)		\$ (62.0)	
Adjusted Earnings**	\$ (59.7)		\$ (61.5)	
<b>Core Business</b>				
Net Sales	\$ 4,089.6		\$ 3,883.8	
Reported Earnings*	\$ 195.4	4.8%	\$ 147.5	3.8%
Adjusted Earnings**	\$ 229.3	5.6%	\$ 164.7	4.2%
<b>Total Company</b>				
Net Sales	\$ 4,155.3		\$ 4,810.2	
Reported Earnings*	\$ 194.8	4.7%	\$ 113.2	2.4%
Adjusted Earnings**	\$ 233.7	5.6%	\$ 139.6	2.9%

\* Reported segment earnings represent income (loss) before interest, other expense and income taxes. Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information.

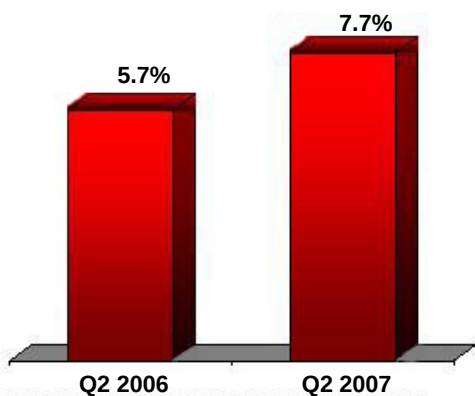
\*\* Adjusted earnings and margin exclude restructuring costs and other special items as follows – In the Second Quarter ended 06/30/07, adjustments for Seating - \$11.6M, Electrical and Electronic - \$15.1M, HQ - \$7.2M, Core Business - \$33.9M and Total Company - \$38.9M and in the Second Quarter ended 07/01/06, adjustments for Seating - \$3.9M, Electrical and Electronic - \$12.8M, HQ - \$0.5M, Core Business - \$17.2M and Total Company - \$26.4M.

# Second Quarter 2007

## Seating Segment Performance\*



### Adjusted Seating Margin



Adj. Seg. Earnings (in millions)	Q2 2006	Q2 2007
	\$175.4	\$250.4

### Explanation of Year-to-Year Change

- + Favorable cost performance from restructuring and ongoing efficiency actions
- + Margin improvement actions, including selective vertical integration
- + Benefit of new business, primarily outside of North America
- + Net raw material favorable
- Lower production in North America

\* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information and refer to slide 28 in this presentation for a reconciliation of reported segment earnings to adjusted segment earnings.

**Electrical and Electronic Segment Performance\***

**Adjusted  
Electrical and Electronic Margin**



**Explanation of  
Year-to-Year Change**

- Litigation costs and other commercial items
- Unfavorable net pricing
- Lower industry production in N. A.
- Roll-off of two programs in N. A.
- /+ Higher copper prices offset by prior period recovery
- Improving results in Asia

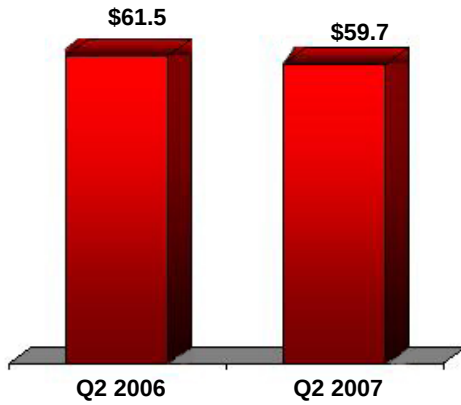
\* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information and refer to slide 28 in this presentation for a reconciliation of reported segment earnings to adjusted segment earnings.



# Second Quarter 2007 Headquarters Performance\*



## Adjusted Headquarters Expense\*\* (in millions)



## Explanation of Year-to-Year Change

- + SG&A efficiencies
- + Restructuring savings

\* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information and refer to slide 28 in this presentation for a reconciliation of reported segment earnings to adjusted segment earnings.

\*\* Adjusted expense excludes restructuring costs of \$0.5 million in 2006 and restructuring costs of \$3.1 million, merger-related costs of \$2.3 million and costs related to the Interior divestiture of \$1.8 million in 2007.

## Second Quarter 2007

### Free Cash Flow\*



(in millions)	Second Quarter 2007
Net Income	\$ 123.6
Depreciation / Amortization	75.7
Working Capital / Other	43.8
<b>Cash from Operations</b>	<b>\$ 243.1</b>
Capital Expenditures	(39.1)
<b>Free Cash Flow</b>	<b>\$ 204.0</b>

\* Free Cash Flow represents net cash provided by operating activities (\$289.3 million for the three months ended 6/30/07) before net change in sold accounts receivable (\$46.2 million for the three months ended 06/30/07) (Cash from Operations), less capital expenditures. Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information.

## 2007 Outlook

### Full-Year Production Assumptions\*



	<u>Full-Year 2007 Outlook</u>	<u>Change from Prior Year</u>
<b>North American Production</b>		
Total Industry	≈ 15.1 mil	down 1%
Big Three	≈ 9.8 mil	down 4%
Lear's Top 15 Platforms	≈ 4.6 mil	down 7%
<b>European Production</b>		
Total Industry	≈ 19.7 mil	up 3%
Lear's Top 5 Customers	≈ 9.9 mil	up 2%
Euro	\$1.34 / Euro	up 6%
<b>Key Commodities</b>		
	moderating (except copper)	slightly lower (except copper)

\* Please see slide titled "Forward-Looking Statements" at the end of this presentation for further information.

# 2007 Outlook

## Full-Year Financial Forecast\*



<b>2007 Full-Year Financial Forecast for Core Business</b>	
(Seating and Electrical and Electronic businesses)	
<b><u>Net Sales</u></b>	≈ \$15 billion
<b><u>Core Operating Earnings</u></b>	\$600 to \$640 million
Income before interest, other expense, income taxes, restructuring costs and other special items	
<b><u>Interest Expense</u></b>	\$210 to \$215 million
<b><u>Pretax Income</u></b>	\$335 to \$375 million
before restructuring costs and other special items	
<b><u>Estimated Tax Expense</u></b>	≈ \$120 million **
<b><u>Pretax Restructuring Costs</u></b>	≈ \$100 million
<b><u>Capital Spending</u></b>	≈ \$235 million
<b><u>Depreciation and Amortization</u></b>	≈ \$310 million
<b><u>Free Cash Flow</u></b>	≈ \$275 million

\* Please see slides titled "Non-GAAP Financial Information" and "Forward-Looking Statements" at the end of this presentation for further information.

\*\* Subject to actual mix of financial results by country.

## Summary and Outlook\*

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- ▶▶ **Lear is Financially Sound**
  - Successfully refinanced major debt maturities through 2010
  - Operating results improving; cash flow now solidly positive
  
- ▶▶ **Making Progress on Strategic Priorities**
  - Completed divestiture of Interior business
  - Expanding our presence in Asia and growing Asian sales globally
  - Implementing global restructuring actions
  
- ▶▶ **Automotive industry conditions, particularly in North America, remain challenging**
  
- ▶▶ **Longer-term outlook for Lear continues to be positive**

\* Please see slide titled "Forward-Looking Statements" at the end of this presentation for further information.



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## Non-GAAP Financial Information

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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 "income before interest, other expense and income taxes," "seating and electrical and electronic income before interest, other expense, income taxes, restructuring costs and other special items" (core operating earnings), "pretax income before restructuring costs and other special items" and "free cash flow" (each, a non-GAAP financial measure). Other expense includes, among other things, state and local non-income taxes, foreign exchange gains and losses, fees associated with the Company's asset-backed securitization and factoring facilities, minority interests in consolidated subsidiaries, equity in net income of affiliates and gains and losses on the sale of assets. 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 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, core operating earnings and pretax income before restructuring costs and other special items are useful measures in assessing the Company's financial performance by excluding certain items (including those items that are included in other expense) 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 also believes that these measures are useful to both management and investors in their analysis of the Company's results of operations and provide improved comparability between fiscal periods. 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 these non-GAAP financial measures for planning and forecasting in future periods.

Income before interest, other expense and income taxes, core operating earnings, pretax income before restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for pretax income, net income, cash provided by operating activities or other income statement or 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 therefore, 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. Given the inherent uncertainty regarding special items, other expense and the net change in sold accounts receivable in any future period, a reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is not feasible. The magnitude of these items, however, may be significant.

## Non-GAAP Financial Information

### Cash from Operations and Free Cash Flow

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(in millions)	<b>Three Months</b>
	<u>Q2 2007</u>
Net cash provided by operating activities	\$ 289.3
Net change in sold accounts receivable	<u>(46.2)</u>
<b>Net cash provided by operating activities before net change in sold accounts receivable (cash from operations)</b>	<b>243.1</b>
Capital expenditures	<u>(39.1)</u>
<b>Free cash flow</b>	<b><u>\$ 204.0</u></b>



## Non-GAAP Financial Information Core Operating Earnings



(in millions)	Three Months	
	Q2 2007	Q2 2006
Pretax income	\$ 143.9	\$ 31.5
Goodwill impairment charge related to Interior business	-	2.9
Divestiture of Interior business	(0.7)	-
Interest expense	51.3	53.2
Other expense, net *	0.3	25.6
<b>Income before interest, other expense and income taxes</b>	<b>\$ 194.8</b>	<b>\$ 113.2</b>
Costs related to divestiture of Interior business (included in COS and SG&A)	1.8	-
Fixed asset impairment charges related to Interior business	-	7.2
Costs related to restructuring actions	34.8	19.2
Costs related to merger transaction	2.3	-
<b>Income before interest, other expense, income taxes, restructuring costs and other special items</b>	<b>\$ 233.7</b>	<b>\$ 139.6</b>
Less: Interior business	(4.4)	25.1
<b>Seating and electrical and electronic income before interest, other expense, income taxes, restructuring costs and other special items (core operating earnings)</b>	<b>\$ 229.3</b>	<b>\$ 164.7</b>

\* Includes minority interests in consolidated subsidiaries and equity in net income of affiliates.

## Non-GAAP Financial Information Segment Earnings Reconciliation

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(in millions)	Three Months	
	Q2 2007	Q2 2006
Seating	\$ 238.8	\$ 171.5
Electrical and electronic	23.5	38.0
Interior	<u>(0.6)</u>	<u>(34.3)</u>
Segment earnings	261.7	175.2
Corporate and geographic headquarters and elimination of intercompany activity	<u>(66.9)</u>	<u>(62.0)</u>
<b>Income before interest, other expense and income taxes</b>	<b>\$ 194.8</b>	<b>\$ 113.2</b>
Goodwill impairment charge related to Interior business	-	2.9
Divestiture of Interior business	(0.7)	-
Interest expense	51.3	53.2
Other expense, net	<u>0.3</u>	<u>25.6</u>
<b>Pretax income</b>	<b><u>\$ 143.9</u></b>	<b><u>\$ 31.5</u></b>

# Non-GAAP Financial Information

## Adjusted Segment Earnings



(in millions)	Three Months Q2 2007				Three Months Q2 2006			
	Seating	Electrical and Electronic	HQ/ Other	Core Business	Seating	Electrical and Electronic	HQ/ Other	Core Business
Segment earnings	\$ 238.8	\$ 23.5	\$ (66.9)	\$ 195.4	\$ 171.5	\$ 38.0	\$ (62.0)	\$ 147.5
Costs related to divestiture of Interior business	-	-	1.8	1.8	-	-	-	-
Costs related to restructuring actions	11.6	15.1	3.1	29.8	3.9	12.8	0.5	17.2
Costs related to merger transaction	-	-	2.3	2.3	-	-	-	-
<b>Adjusted segment earnings</b>	<b>\$ 250.4</b>	<b>\$ 38.6</b>	<b>\$ (59.7)</b>	<b>\$ 229.3</b>	<b>\$ 175.4</b>	<b>\$ 50.8</b>	<b>\$ (61.5)</b>	<b>\$ 164.7</b>

## Forward-Looking Statements

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This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. 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 or currency exchange rates, the financial condition of the Company's customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, disruptions in the relationships with the Company's suppliers, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment or similar actions, increases in the Company's warranty or product liability costs, risks associated with conducting business in foreign countries, competitive conditions impacting the Company's key customers and suppliers, raw material costs and availability, the Company's ability to mitigate the significant impact of increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in cash flow, including the Company's ability to align its vendor payment terms with those of its customers, the success of the Company's restructuring initiative and other risks described from time to time in the Company's Securities and Exchange Commission filings.

The forward-looking statements in this presentation are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.