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 JUNE 29, 1996

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 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	48086-5008
(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

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 July 31, 1996: 64,230,489.

LEAR CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED JUNE 29, 1996

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LEAR CORPORATION

PART I - FINANCIAL INFORMATION

ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of Lear Corporation and subsidiaries ("the Company") (Note 1) have been prepared by Lear 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 consolidated 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, 1995 under the name "Lear Seating Corporation." Effective as of May 9, 1996, the Company changed its name to "Lear Corporation" from "Lear Seating Corporation."

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

	June 29, 1996 (Unaudited)	December 31, 1995
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 32.0	$ 34.1
Accounts receivable, net	1,052.5	831.9
Inventories	199.5	196.2
Unbilled customer tooling	121.2	91.9
Other	93.8	53.1
	1,499.0	1,207.2
Property, plant and equipment, net	778.1	642.8
Goodwill, net	1,405.5	1,098.4
Other	153.0	112.9
	$3,835.6	$3,061.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 12.1	$ 16.9
Accounts payable and drafts	1,021.4	857.0
Accrued liabilities	511.6	392.2
Current portion of long-term debt	12.3	9.9
	1,557.4	1,276.0
LONG-TERM LIABILITIES:		
Deferred national income taxes	45.1	37.3
Long-term debt	1,392.5	1,038.0
Other	168.1	130.0
	1,605.7	1,205.3
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value, 150,000,000 shares authorized 56,738,219 issued at June 29, 1996 and 56,253,541 issued at December 31, 1995	.6	.6
Additional paid-in capital	574.1	559.1
Notes receivable from sale of common stock	(.9)	(.9)
Less- Common stock held in treasury, 10,230 shares at cost	(.1)	(.1)
Retained earnings	118.1	42.2
Minimum pension liability adjustment	(3.5)	(3.5)
Cumulative translation adjustment	(15.8)	(17.4)
	672.5	580.0
	$3,835.6	$3,061.3

The accompanying notes are an integral part of these statements.

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

	Three Months Ended		Six Months Ended	
	June 29, 1996	July 1, 1995	June 29, 1996	July 1, 1995
Net sales	$1,618.7	$1,142.6	$3,024.5	$2,186.1
Cost of sales	1,451.8	1,047.8	2,737.0	2,014.7
Selling, general and administrative expenses	49.0	24.3	92.3	50.1
Amortization of goodwill	7.4	3.3	14.7	6.4
Operating income	110.5	67.2	180.5	114.9
Interest expense	23.1	14.3	47.5	28.5
Other expense, net	3.9	3.7	7.0	5.8
Income before provision for national income taxes	83.5	49.2	126.0	80.6
Provision for national income taxes	33.4	20.3	50.1	34.7
Net income	$ 50.1	$ 28.9	$ 75.9	$ 45.9
Net income per common share	$ .83	$ .58	$ 1.26	$ .92

The accompanying notes are an integral part of these statements.

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

	Six Months Ended June 29, 1996	Six Months Ended July 1, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 75.9	$ 45.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of goodwill	67.7	37.1
Amortization of deferred financing fees	1.6	1.2
Deferred national income taxes	(.3)	(1.0)
Other, net	.2	9.3
Change in working capital items, net of effect of acquisition	(19.3)	(52.2)
Net cash provided by operating activities	125.8	40.3
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition, net	(306.4)	--
Additions to property, plant and equipment	(64.9)	(42.6)
Other, net	1.9	.9
Net cash used in investing activities	(369.4)	(41.7)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in long-term debt, net	260.1	41.3
Short-term borrowings, net	(5.4)	(61.6)
Other, net	(7.5)	27.0
Net cash provided by financing activities	247.2	6.7
Effect of foreign currency translation	(5.7)	15.7
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2.1)	21.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	34.1	32.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 32.0	$ 53.0
CHANGES IN WORKING CAPITAL, net of effect of acquisition		
Accounts receivable	$ (141.0)	$(149.9)
Inventories	15.7	2.8
Accounts payable	124.1	124.5
Accrued liabilities and other	(18.1)	(29.6)
	$ (19.3)	$ (52.2)
SUPPLEMENTARY DISCLOSURE:		
Cash paid for interest	$ 46.8	$ 31.4
Cash paid for income taxes	$ 41.6	$ 41.2

The accompanying notes are an integral part of these statements.

LEAR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

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

(2) ACQUISITIONS

Masland Corporation

On June 27, the Company through a wholly owned subsidiary ("Acquisition Corp.") acquired approximately 97% of the outstanding shares of common stock of Masland Corporation ("Masland") pursuant to an offer to purchase which was commenced on May 30, 1996. On July 1, 1996, Acquisition Corp. merged with and into Masland, such that Masland became a wholly-owned subsidiary of the Company. The aggregate purchase price for the acquisition of Masland (the "Masland Acquisition") was $475.7 million (including the assumption of $80.7 million of Masland's existing net indebtedness and $10.0 million in fees and expenses). Funds for the Masland Acquisition were provided by borrowings under the Credit Agreement and New Credit Agreement, as described in Note 5.

Masland is a leading supplier of floor and acoustic systems to the North American automotive market. Masland also is a major supplier of interior luggage compartment trim components and other acoustical products which are designed to minimize noise, heat and vibration for passenger cars and light trucks.

The Masland Acquisition was accounted for as a purchase, and accordingly, the assets purchased and liabilities assumed in the acquisition have been reflected at their estimated fair market value in the accompanying balance sheet as of June 29, 1996. The operating results of Masland since the acquisition are not material to the statement of operations of the Company for the three and six month periods ended June 29, 1996. The purchase price consisted of the following and has been allocated to the net assets purchased as follows (in millions):

Consideration paid to stockholders, net of cash received	$ 337.8
Consideration paid to former Masland stock option holders	22.1
Debt assumed	96.8
Stock options issued to former Masland option holders	9.0
Estimated fees and expenses	10.0
Cost of acquisition	$ 475.7
Property, plant, and equipment	$ 127.2
Net working capital	36.7
Other assets purchased and liabilities assumed, net	(6.6)
Goodwill	318.4
Total allocation of cost	$ 475.7

The purchase price and related allocation may be revised in the next year based on revisions of preliminary estimates of fair values made at the date of purchase. Such changes are not expected to be significant.

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

AUTOMOTIVE INDUSTRIES

On August 17, 1995, the Company purchased the issued and outstanding common stock of Automotive Industries Holding, Inc. ("AI") for an aggregate purchase price of $885.0 million. AI is a leading designer and manufacturer of high quality interior trim systems and blow molded products principally for North American and European car and light truck manufacturers.

The following pro forma unaudited results of operations of the Company for the three and six month periods ended June 29, 1996 and July 1, 1995 were prepared to illustrate the estimated effects of (i) the Masland Acquisition (including the refinancing of certain debt of Masland pursuant to the Credit Agreement), (ii) the AI acquisition and certain acquisitions completed by AI prior to the purchase of AI by the Company (including the refinancing of certain debt of AI pursuant to the Credit Agreement) (iii) public offering of 7.5 million shares of the Company's common stock by the Company and the application of net proceeds therefrom in September 1995 (iv) the refinancing of the Company's prior credit facility with borrowings under the Credit Agreement (v) the completion of the New Credit Agreement (Note 5) and (vi) the Note Offering (Note 4) and the Common Stock Offering (Note 3) and the application of the net proceeds to the Company therefrom to repay indebtedness outstanding under the Credit Agreement, a portion of which was incurred to finance the Masland Acquisition, and indebtedness outstanding under the New Credit Agreement (collectively, the "Pro Forma Transactions"), as if the Pro Forma Transactions had occurred as of January 1 of each year presented.

(Unaudited, in millions, except per share data):

	Three Months Ended		Six Months Ended	
	June 29, 1996	July 1, 1995	June 29,1996	July 1, 1995
Net Sales	$1,758.9	$1,477.5	$3,286.2	$2,862.9
Net income	$ 49.8	$ 37.2	$ 77.7	$ 60.0
Net income per share	$ .73	$ .55	$ 1.15	$ .89

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 July 1996, the Company issued 7.5 million shares of common stock ("the Common Stock Offering"). Concurrently with this issuance, 7.5 million shares were sold by certain stockholders of the Company. Net of issuance costs, the Company received proceeds of approximately $242.8 million for the shares of common stock sold by the Company. The proceeds of this issuance were used to repay indebtedness outstanding under the Credit Agreement, a portion of which was incurred to finance the Masland Acquisition.

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

(4) ISSUANCE OF SUBORDINATED NOTES

In July 1996, the Company issued $200 million aggregate principal amount of its 9 1/2 % Subordinated Notes due 2006 ("the Note Offering"). Interest on the notes is payable on January 15 and July 15 of each year. The notes are redeemable at the option of the Company, in whole or in part, on or after July 15, 2001. Net of issuance costs, the Company received proceeds of approximately $195.5 million in connection with the sale of the notes. The proceeds were used to repay indebtedness incurred in connection with the purchase of Masland.

(5) NEW CREDIT AGREEMENT

On June 27, 1996, the Company entered into a second revolving credit agreement with a syndicate of financial institutions (the "New Credit Agreement"). The New Credit Agreement contains substantially identical terms as the Company's $1.475 billion Credit Agreement dated August 17, 1995, as amended (the "Credit Agreement") and permits borrowings of up to $300 million. Following the Masland Acquisition, the Company borrowed the full amount permitted under the New Credit Agreement and used the proceeds to repay the outstanding indebtedness under the Credit Agreement.

Borrowings under the Credit Agreement and the New Credit Agreement bear interest, at the election of the Company, at a floating rate of interest equal to (i) the higher of Chemical Bank's prime lending rate and the federal funds rate plus .5% or (ii) the Eurodollar Rate (as defined in the New Credit Agreement and Credit Agreement) plus a borrowing margin of .5% to 1.0%. The applicable borrowing margin is determined based on the level of a specified financial ratio of the Company. Under the Credit Agreement and the New Credit Agreement, Lear is permitted to convert variable rate interest obligations on up to an aggregate of $500 million in principal amount of indebtedness into fixed rate interest obligations.

Amounts available under the New Credit Agreement and the Credit Agreement will be reduced by an aggregate amount of $750 million prior to maturity on September 30, 2001.

(6) 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):

	June 29, 1996	December 31, 1995
Raw materials	$128.2	$139.4
Work-in-process	21.4	18.0
Finished goods	49.9	38.8
	$199.5	$196.2

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

(7) LONG-TERM DEBT

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

	June 29, 1996	December 31, 1995
Domestic revolving credit loans	$1,070.4	$ 717.1
Industrial Revenue Bonds	23.5	20.9
Other	40.9	39.9
	1,134.8	777.9
Less- Current portion	(12.3)	(9.9)
	1,122.5	768.0
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
	$1,392.5	$1,038.0

(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		Six Months Ended	
	June 29, 1996	July 1, 1995	June 29, 1996	July 1, 1995
Primary	60,060,508	49,537,489	59,984,438	49,536,813
Fully Diluted	60,078,101	49,635,199	60,052,761	49,634,592

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 29, 1996 VS. THREE MONTHS ENDED JULY 1, 1995.

Net sales of $1,618.7 million in the second quarter of 1996 exceeded the second quarter of 1995 by $476.1 million or 41.7%. Net sales in the current year benefited from the acquisition of AI in August 1995, new business introduced globally within the past twelve months and the incremental volume and content on mature seating programs in North America and Europe.

Net sales in the United States and Canada of $1,045.3 million increased in the second quarter of 1996 as compared to the second quarter of 1995 by $312.6 million or 42.7%. Sales in the quarter ended June 29, 1996 benefited from the acquisition of AI, which accounted for $191.8 million of the increase, introduction within the past twelve months of a new Ford passenger car program and modest increases on industry build schedules for carryover seat programs. Partially offsetting the increase in sales was downtime associated with a Chrysler plant conversion for a replacement program which will begin production in July, 1996.

Net sales in Europe of $434.3 million in the second quarter of 1996 surpassed the comparable period in the prior year by $85.8 million or 24.6%. Sales in the current quarter benefited from the contribution of $41.5 million in sales from the AI acquisition, increased automotive production on existing seat programs in Italy and Germany and favorable translation rates in Italy and Sweden.

Net sales of $139.1 million in the Company's remaining geographic regions, consisting of Mexico, the Pacific Rim, South America and South Africa, in the quarter ended June 29, 1996 increased by $77.7 million or 126.5% as compared to the second quarter of the prior year. Sales in the second quarter of 1996 reflect increased market demand for General Motors and Chrysler programs in Mexico coupled with new business operations in South America, Australia and South Africa, which accounted for $56.9 million of the increase.

Gross profit (net sales less cost of sales) and gross margin (gross profit as a percentage of net sales) improved to $166.9 million and 10.3% for the second quarter of 1996 as compared to $94.8 million and 8.3% for the second quarter of 1995 due to the acquisition of AI and the overall growth in domestic and foreign sales activity, including the production of certain new business programs in the United States, South America, Mexico and South Africa.

Selling, general and administrative expenses as a percentage of net sales increased to 3.0% for the quarter ended June 29, 1996 as compared to 2.1% a year earlier. The increase in actual expenditures was largely the result of the AI acquisition and increased customer focused engineering and administrative expenses necessary to support established and potential business opportunities.

Operating income and operating margin improved to $110.5 million and 6.8% for the quarter ended June 29, 1996 as compared to $67.2 million and 5.9% for the quarter ended July 1, 1995. The increase in operating income was primarily due to the AI acquisition coupled with benefits derived from increased global vehicle build schedules for new and ongoing seat programs. Partially offsetting the increase in operating income were design, development and administrative support expenses and plant downtime associated with a Chrysler model changeover. Non-cash depreciation and amortization charges were $34.5 million and $18.7 million for the second quarter of 1996 and 1995, respectively.

Interest expense for the second quarter of 1996 increased by $8.8 million from the comparable period in the prior year largely as a result of interest incurred on additional debt utilized to finance the AI acquisition.

Other expenses for the current quarter, which include state and local taxes, foreign exchange, equity income of non-consolidated affiliates and other non-operating expenses, remained essentially unchanged as foreign exchange gains realized at the Company's North American and European operations offset increased state and local taxes associated with the AI acquisition.

Net income for the second quarter was $50.1 million, or $.83 per share as compared to $28.9 million or $.58 per share in the prior year second quarter. The provision for income taxes in the current quarter was $33.4 million, or an effective tax rate of 40.0% as compared to $20.3 million or an effective tax rate of 41.3% in the previous year. The decline in the effective tax rate is primarily due to changes in the operating performance of the various domestic and foreign tax jurisdictions. Earnings per share increased in 1996 by 43.1% despite an increase in the weighted average number of shares outstanding of approximately 10.5 million shares.

SIX MONTHS ENDED JUNE 29, 1996 VS. SIX MONTHS ENDED JULY 1, 1995.

Net sales increased by 38.4% to $3,024.5 million in the first six months of 1996 as compared to $2,186.1 million in the first six months of 1995. Sales for the six month period ended June 29, 1996 benefited from the acquisition of AI and new business operations introduced worldwide during the past year.

Gross profit and gross margin improved to $287.5 million and 9.5% in the first half of 1996 as compared to $171.4 million and 7.8% a year earlier. Gross profit in the current six months benefited from the acquisition of AI and the overall growth in production volume on passenger car and truck seat programs by domestic and foreign automotive manufacturers. Partially offsetting the increase in gross profit were program expenses for recently opened facilities in South America and the Pacific Rim, General Motors work stoppage in the first quarter of 1996 and downtime associated with a Chrysler model changeover.

Selling, general and administrative expenses, including research and development, for the six month period ended June 29, 1996 increased as a percentage of net sales to 3.1% from 2.3% in the comparable period in the prior year. Actual expenditures increased in comparison to prior year due to the inclusion of AI operating expenses and increased North American and European engineering and administrative expenses required to support the expansion of business and expenses related to the pursuit of new business opportunities.

Operating income and operating margin improved to $180.5 million and 6.0% in the first six months of 1996 as compared to $114.9 million and 5.3% for the first six months of 1995. Operating income in 1996 benefited from the acquisition of AI, increased industry build schedules for new and mature sport utility and light truck programs in North America, introduction of a new Ford passenger car program and improved performance in Europe and Mexico. Partially offsetting the increase in operating income were engineering and administrative support expenses, Chrysler's downtime for model changeover and the adverse impact of the General Motors work stoppage. Non-cash depreciation and amortization charges were $67.7 million and $37.1 million for the first half of 1996 and 1995, respectively.

For the six months ended June 29, 1996, interest expense increased by $19.0 million to $47.5 million as compared to the prior year. The increase in interest expense was largely the result of interest incurred on additional debt utilized to finance the AI acquisition.

Other expenses for the first half of 1996, which include state and local taxes, foreign exchange, equity income of non-consolidated affiliates and other non-operating expenses, increased in comparison to the prior year as increased state and local taxes associated with the acquisition of AI more than offset favorable exchange gains related to the Company's North American and European operations.

Net income for the first six months of 1996 was $75.9 million or $1.26 per share as compared to $45.9 million or $.92 per share for the first six months of 1995. Earnings per share in the current period increased 37.0% despite the impact of the General Motors work stoppage and an increase in the weighted average number of shares outstanding of approximately 10.5 million shares. The decline in the effective tax rate to 40% in the current period as compared to 43% in the previous year is largely attributable to changes in profitability among the various tax jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

On June 27, 1996, the Company closed the tender offer and paid $322.5 million for approximately 97% of the outstanding shares of Masland Corporation ("Masland"). On July 1, 1996, subsequent to the end of the second quarter, the Company completed the acquisition of the remaining issued and outstanding shares of Masland's common stock along with the retirement of certain indebtedness for the aggregate purchase price of $475.7 million (see footnote 2 to financial statements). Concurrently with the Masland Acquisition, the Company entered into a second revolving credit agreement with a syndicate of financial institutions (the "New Credit Agreement" and, together with the Credit Agreement, the "Credit Agreements"). The New Credit Agreement contains substantially identical terms as the Credit Agreement and permits borrowings of up to $300 million. As of June 29, 1996, the Company had an aggregate of $1.775 billion available under these secured Credit Agreements, of which $977.9 million was outstanding and $50.0 million was committed under outstanding letters of credit, resulting in $747.1 million unused and available.

Borrowing under the New Credit Agreement and the Credit Agreement are guaranteed by substantially all of the Company's direct and indirect domestic subsidiaries secured by (i) a pledge of all of the capital stock and substantially all of the Company's domestic subsidiaries, (ii) a grant of security interest in substantially all of the assets of the Company and its domestic subsidiaries, other than certain assets of certain recently acquired domestic subsidiaries and (iii) the mortgages of certain of the real property of the Company and its domestic subsidiaries.

In addition to debt outstanding under the Credit Agreements, as of June 29, 1996, the Company had an additional $439.0 million of debt, including short-term borrowings, primarily consisting of $270.0 million of subordinated debentures due between 2000 and 2002 and $92.5 million of debt outstanding under an unsecured credit facility between Masland and a syndicate of financial institutions. On July 1, 1996, the merger date, the Masland facility was retired with borrowings under the Credit Agreements.

In the second quarter of 1996, Moody's Investors Services, Inc. ("Moody's") upgraded its rating of the Company's primary debt instruments. The Credit Agreement was upgraded from Ba2 to Ba1, the Company's 8 1/4% Subordinated Notes from B2 to B1 and the Company's 11 1/4% Senior Subordinated Notes from B1 to Ba3. Standard and Poors Corporation ("S&P") also upgraded its rating of the Credit Agreement to BB+ from BB- and of the subordinated debt to BB- from B. The Company's 9 1/2% Subordinated Notes, were assigned a B1 and BB- rating from Moody's and S&P, respectively.

Net cash provided by operating activities increased to $125.8 million during the six months ended June 29, 1996 compared to $40.3 million during the comparable period in 1995. In addition to the 65% increase in net income, net cash provided by operating activities includes non-cash depreciation and goodwill amortization which increased, from $37.1 million to $67.7 million primarily as a result of the AI acquisition. The net change in working capital resulted in a net use of $19.3 million and $52.2 million for the six months ended June 29, 1996 and July 1, 1995, respectively. The use of working capital declined in 1996 as a result of improved asset management which resulted in an increase in accounts receivable of only $141.0 million in 1996 compared to $149.9 million in 1995 despite a 38% increase in sales for the same six month period. Inventory levels declined by $15.7 million from December 31, 1995.

Net cash used in investing activities was $369.4 million and $41.7 million for the six months ended June 29, 1996 and July 1, 1995, respectively. The primary cause for the increase in investing activities was the Masland Acquisition, as described above. Capital expenditures increased from $42.6 million in 1995 to $64.9 million primarily as a result of the AI purchase and the need to support new programs under production in 1996.

On July 8, 1996, the Company issued 7.5 million shares of common stock at $33.50 per share and $200 million aggregate principal amount of 9 1/2% Subordinated Notes due 2006. The $438.3 million of proceeds ($242.8 million and $195.5 million from the Common Stock Offering and Note Offering proceeds, respectively), net of issuance costs received by the Company, were used to repay indebtedness incurred under the Credit Agreement, a portion of which was incurred to finance the Masland Acquisition, and the New Credit Agreement. On a proforma basis after giving effect to these offerings and the completion of the Masland Acquisition, the Company's total debt as a percent of total capitalization would have been 58% on June 29, 1996, down from 64.7% at December 31, 1995.

The 9 1/2% Notes are subordinated in right of payment to all existing and future Senior Indebtedness (as defined in the Indenture relating to 9 1/2% Notes), including indebtedness outstanding under the Credit Agreements and the 11 1/4% Notes. Interest on the 9 1/2% Notes is payable on January 15 and July 15 of each year. The 9 1/2% Notes are redeemable at the option of the Company, in whole or in part, on or after July 15, 2001. The Indenture pursuant to which the 9 1/2% Notes were issued contains certain covenants that restrict, among other things, the incurrence of additional indebtedness, the payment of dividends, the repurchase of capital stock, the creation of liens, sales of assets, and the issuance of preferred stock.

As of June 29, 1996 the Company had $32.0 million of cash and cash equivalents. The Company believes that cash flows from operations and available credit facilities, principally the Credit Agreement, will be sufficient to meet its debt service obligations, projected capital expenditures and working capital requirements.

LEAR CORPORATION

PART II - OTHER INFORMATION

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The annual Meeting of Stockholders of Lear Corporation was held on May 9, 1996. At the meeting, the following matters were submitted to a vote of the stockholders of Lear Corporation. Pursuant to the rules of the New York Stock Exchange, there were no broker non-votes in any of the matters described below.

(1) The election of four directors to hold office until the 1999 Annual Meeting of Stockholders. The vote with respect to each nominee was as follows:

Nominee	For	Withheld
Robert E. Rossiter	49,466,393	2,111,142
Robert Shower	49,382,255	2,195,280
James H. Vandenberghe	49,378,731	2,198,804
Alan Washkowitz	49,136,367	2,441,168

(2) The appointment of the firm of Arthur Andersen LLP as independent auditors of Lear Corporation for the year ending December 31, 1996.

For	Against	Withheld
51,560,315	10,135	7,085

(3) The amendment to the Company's Certificate of Incorporation to change the name to "Lear Corporation" from "Lear Seating Corporation."

For	Against	Withheld
51,563,654	9,695	4,186

(4) The adoption of the 1996 Stock Option Plan.

For	Against	Withheld
47,655,865	3,809,551	112,119

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

The following reports on Form 8-K were filed during the quarter ended June 29, 1996.

(a) May 22, 1996 - Form 8-K relating to the resignation of directors.
(b) June 27, 1996 - Form 8-K relating to the acquisition of Masland Corporation.

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 CORPORATION

Dated: August 7, 1996 By: /s/ James H. Vandenberghe

James H. Vandenberghe
Executive Vice President and
Chief Financial Officer
and a Director

LEAR CORPORATION
FORM 10 -Q
EXHIBIT INDEX
FOR THE QUARTER ENDED JUNE 29, 1996

EXHIBIT NUMBER	EXHIBIT
2.1	Agreement and Plan of Merger dated as of May 23, 1996, by and among the Company, PA Acquisition Corp. and Masland Corporation (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-3 (No. 333-05809)).
4.1	Indenture dated as of July 1, 1996 by and between the Company and The Bank of New York, as Trustee, relating to the 9 1/2% Subordinated Notes due 2006 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (No. 333-05809)).
10.1	Second Amendment and Consent, dated as of May 28, 1996 to the Credit Agreement dated as of August 17, 1995, among Lear Corporation, the several financial institutions party thereto (the "Banks"), Chemical Bank, 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 June 27, 1996).
10.2	Third Amendment, dated as of June 27, 1996, to the Credit Agreement, dated as of August 17, 1995, among Lear Corporation, the several financial institutions parties thereto (the "Banks"), Chemical Bank, as administrative agent for the Banks, and the Managing Agents, Co-Agents and Lead Managers identified therein (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated June 27, 1996).
10.3	Credit Agreement, dated as of June 27, 1996, among Lear Corporation, the several financial institutions parties thereto (collectively, the "Banks"), Chemical Bank, as administrative agent for the Banks (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K dated June 27, 1996).
10.4	Masland Holdings, Inc. 1991 Stock Purchase and Option Plan (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K dated June 27, 1996).
10.5	Masland Corporation 1993 Stock Option Incentive Plan (incorporated by reference to Exhibit 99.5 to the Company's Current Report on Form 8-K dated June 27, 1996).
10.6	Form of Option Assumption Agreement (incorporated by reference to Exhibit 99.6 to the Company's Current Report on Form 8-K dated June 27, 1996).

10.7 Employment Agreement, dated as of May 29, 1996, by and among Dr. Frank J. Preston and Masland Corporation (incorporated by reference to Exhibit 99.7 to the Company's Current Report on Form 8-K dated June 27, 1996).

10.8 Termination, Consulting and Non-Compete Agreement dated May 29, 1996, among Lear Corporation, Masland Corporation, and the other party signatory thereto (incorporated by reference to Exhibit 99.8 to the Company's Current Report on Form 8-K dated June 27, 1996).

10.9 Shareholders' Agreement, dated as of June 29, 1995, by and among Sommer Allibert Industrie A.G., Allibert Industrie (U.K.) Limited, Masland Industries, Inc., Masland (U.K.) Limited and Sommer Allibert Industrie (U.K.) Limited (incorporated by reference to Exhibit 99.9 to the Company's Current Report on Form 8-K dated June 27, 1996).

10.10 Lear Corporation 1996 Stock Option Plan (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (No. 333-03383)).

27.1 Financial Data Schedule for the quarter ended June 29, 1996, filed herewith.

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6-MOS
DEC-31-1996
JAN-01-1996
JUN-29-1996
32
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1,052
9
200
1,499
1,040
262
3,836
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672
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3,025
3,025
2,737
2,737
114
0
48
126
50
76
0
0
0
76
1.27
1.26