UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017.

☐ **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

(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	**48033**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: (248) 447-1500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Act 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 such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x		Accelerated filer ☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company ☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No x

As of July 1, 2017, the aggregate market value of the registrant's common stock, par value $0.01 per share, held by non-affiliates of the registrant was $9,648,744,720. The closing price of the common stock on July 1, 2017, as reported on the New York Stock Exchange, was $142.08 per share.

As of February 2, 2018, the number of shares outstanding of the registrant's common stock was 66,920,130 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's Notice of Annual Meeting of Stockholders and Definitive Proxy Statement on Schedule 14A for its Annual Meeting of Stockholders to be held in May 2018, as described in the Cross Reference Sheet and Table of Contents included herewith, are incorporated by reference into Part III of this Report.

LEAR CORPORATION AND SUBSIDIARIES

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(1) Certain information is incorporated by reference, as indicated below, to the registrant’s Notice of Annual Meeting of Stockholders and Definitive Proxy Statement on Schedule 14A for its Annual Meeting of Stockholders to be held in May 2018 (the "Proxy Statement").

(2) A portion of the information required is incorporated by reference to the Proxy Statement sections entitled "Election of Directors" and "Directors and Corporate Governance."

(3) Incorporated by reference to the Proxy Statement sections entitled "Directors and Corporate Governance — Director Compensation," "Compensation Discussion and Analysis," "Executive Compensation," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report."

(4) A portion of the information required is incorporated by reference to the Proxy Statement section entitled "Directors and Corporate Governance — Security Ownership of Certain Beneficial Owners, Directors and Management."

(5) Incorporated by reference to the Proxy Statement sections entitled "Certain Relationships and Related Party Transactions" and "Directors and Corporate Governance — Independence of Directors."

(6) Incorporated by reference to the Proxy Statement section entitled "Fees of Independent Accountants."

PART I

ITEM 1 – BUSINESS

In this Report, when we use the terms the "Company," "Lear," "we," "us" and "our," unless otherwise indicated or the context otherwise requires, we are referring to Lear Corporation and its consolidated subsidiaries. A substantial portion of the Company's operations are conducted through subsidiaries controlled by Lear Corporation. The Company is also a party to various joint venture arrangements. Certain disclosures included in this Report constitute forward-looking statements that are subject to risks and uncertainties. See Item 1A, "Risk Factors," and Part II — Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements."

BUSINESS OF THE COMPANY

General

Lear Corporation is a leading Tier 1 supplier to the global automotive industry. We supply seating, electrical distribution systems and electronic modules, as well as related sub-systems, components and software, to all of the worlds's major automotive manufacturers. We have 257 manufacturing, engineering and administrative locations in 39 countries and are continuing to grow our business in all automotive producing regions of the world, both organically and through complementary acquisitions. Our manufacturing footprint reflects more than 151 facilities in 22 low cost countries.

We use our product, design and technological expertise, global reach and competitive manufacturing footprint to achieve the following financial goals and objectives with the aim to maximize stockholder value:

- Continue to deliver profitable growth, balancing risks and returns;
- Maintain a strong balance sheet with investment grade credit metrics; and
- Consistently return excess cash to our stockholders.

Our business is organized under two reporting segments: Seating and E-Systems. Each of these segments has a varied product and technology range across a number of component categories:

- **Seating** — Our Seating segment consists of the design, development, engineering, just-in-time assembly and delivery of complete seat systems, as well as the design, development, engineering and manufacture of all major seat components, including seat covers and surface materials such as leather and fabric, seat structures and mechanisms, seat foam and headrests. Further, we have capabilities in active sensing and comfort for seats, utilizing electronically controlled sensor and adjustment systems and internally developed algorithms. We also offer seat heating and cooling capabilities through technology partnerships and design-integrated supplier solutions.

  E-Systems — Our E-Systems segment consists of the design, development, engineering and manufacture of complete electrical distribution systems that route electrical signals and manage electrical power within the vehicle for traditional vehicle architectures, as well as high power and hybrid electric systems. Key components in the electrical distribution system include wire harnesses, terminals and connectors and junction boxes, including components and systems for high power battery electric vehicle and hybrid electric vehicle power management and distribution systems. We also design, develop, engineer and manufacture sophisticated electronic control modules that facilitate signal, data and power management within the vehicle, as well as associated software. We have electronic hardware and software capabilities in wireless communication and cybersecurity that securely process various signals to, from and within the vehicle, as well as capabilities to provide roadside modules that communicate real-time traffic information to vehicles in the area.

We serve the worldwide automotive and light truck market in both our Seating and E-Systems segments. We have automotive content on more than 400 vehicle nameplates worldwide and serve all of the world's major automotive manufacturers across our businesses and various component categories in both our Seating and E-Systems segments. It is common to have both seating and electrical content on the same and multiple vehicle platforms with a single customer. In addition, our electrical components are increasingly integrated into our complete seat systems, as the new technologies, functions and features that we are developing in our Seating business are often enabled by electronic sensors, software and controls. We are the only global automotive supplier with significant capabilities in electronics, software and seating. Our businesses benefit globally from leveraging common operating standards and disciplines, including world-class product development and manufacturing processes, as well as common customer support and regional infrastructures. Our core capabilities are shared across component

categories and include high-precision manufacturing and assembly with short lead times, management of complex supply chains, global engineering and program management skills, the agility to establish and/or move facilities quickly and a unique customer-focused culture. Our businesses utilize proprietary, industry-specific processes and standards, leverage common low-cost engineering centers and share centralized operating support functions, such as logistics, supply chain management, quality and health and safety, as well as all major administrative functions.

Available Information on our Website

Our website address is http://www.lear.com. We make available on our website, free of charge, the periodic reports that we file with or furnish to the Securities and Exchange Commission ("SEC"), as well as all amendments to these reports, as soon as reasonably practicable after such reports are filed with or furnished to the SEC. We also make available on our website or in printed form upon request, free of charge, our Corporate Governance Guidelines, Code of Business Conduct and Ethics (which includes specific provisions for our executive officers), charters for the standing committees of our Board of Directors and other information related to the Company. We are not including the information contained on our website as a part of, or incorporating it by reference into, this Report.

The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. The public may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information related to issuers that file electronically with the SEC.

History

Lear was founded in Detroit in 1917 as American Metal Products, a manufacturer of seating assemblies and other components for the automotive and aircraft industries, and was incorporated in Delaware in 1987. Through a management-led buyout in 1988, Lear Corporation established itself as a privately-held seat assembly operation for the North American automobile market with annual sales of approximately $900 million. We completed an initial public offering in 1994 and developed into a global supplier through organic growth and a series of acquisitions.

In May 1999, we acquired UT Automotive, Inc. ("UT Automotive") from United Technologies Corporation. UT Automotive was a leading supplier of automotive electrical distribution systems. The acquisition of UT Automotive represented our entry into automotive electrical and electronic systems and was the basis for our current E-Systems segment.

We have subsequently augmented our internal growth plans with selective acquisitions to expand our component capabilities and global footprint, as well as expand our technology portfolio:

- In May 2012, we acquired Guilford Mills, a leading supplier of automotive seat and interior fabric, from Cerberus Capital Management, L.P., for approximately $243 million.
- In January 2015, we acquired Everett Smith Group, Ltd., the parent company of Eagle Ottawa, LLC ("Eagle Ottawa"), the world's leading provider of leather for the automotive industry, for approximately $844 million.
- In August 2015, we acquired intellectual property and technology from Autonet Mobile, a developer of wireless communication software and devices for automotive applications.
- In November 2015, we completed the acquisition of Arada Systems Inc., an automotive technology company that specializes in vehicle-to-vehicle ("V2V") and vehicle-to-infrastructure ("V2I" and together with V2V, "V2X") communications.
- In December 2016, we acquired AccuMED Holdings Corp. ("AccuMED"), a privately-held developer and manufacturer of specialty fabrics, for approximately $149 million. AccuMED provides innovative fabric processing technology that will benefit our automotive fabric operations and adds scale to our existing non-automotive fabric products.
- In April 2017, we acquired Grupo Antolin's automotive seating business ("Antolin Seating") for approximately $292 million. Antolin Seating is headquartered in France with operations in five countries in Europe and North Africa. The Antolin Seating business is comprised of just-in-time seat assembly, as well as seat structures, mechanisms and seat covers. Antolin Seating has modern facilities and a reputation for lean manufacturing, superior quality and innovation, including high-functionality and light-weight seat designs.
- In January 2018, we acquired Israel-based EXO Technologies, a leading developer of differentiated GPS technology providing high-accuracy positioning solutions for autonomous and connected vehicle applications.

Industry and Strategy

We supply all vehicle segments of the automotive light vehicle original equipment market in every major automotive producing region in the world. Our sales are driven by the number of vehicles produced by the automotive manufacturers, which is ultimately dependent on consumer demand for automotive vehicles, and our content per vehicle. Global automotive industry production volumes improved 5% in 2016 from the prior year and another 2% in 2017 to a record 93.3 million units.

Details on light vehicle production in certain key regions for 2017 and 2016 are provided below. Our actual results are impacted by the specific mix of products within each market, as well as other factors described in Item 1A, "Risk Factors."

(In thousands of units)	2017 [1]	2016 [1, 2]	% Change
North America	17,128.4	17,836.7	(4)%
Europe and Africa	22,947.0	22,311.5	3%
Asia	48,233.3	47,054.4	3%
South America	3,115.2	2,567.8	21%
Other	1,913.0	1,582.1	21%
Total	93,336.9	91,352.5	2%

(1) Production data based on IHS Automotive.
(2) Production data for 2016 has been updated to reflect actual production levels.

Details on light vehicle production in certain emerging markets for 2017 and 2016 are provided below.

(In thousands of units)	2017 [1]	2016 [1, 2]	% Change
China	26,289.2	25,712.1	2%
India	4,419.8	4,140.2	7%
Brazil	2,635.1	2,091.9	26%
Russia	1,444.0	1,218.8	18%

(1) Production data based on IHS Automotive.
(2) Production data for 2016 has been updated to reflect actual production levels.

Details on our sales in certain key regions for 2017 and 2016 are provided below.

(In millions)	2017	2016	% Change
North America	$ 7,788.1	$ 7,523.6	4%
Europe and Africa	8,136.5	7,051.8	15%
Asia	3,794.9	3,444.6	10%
South America	747.5	537.6	39%
Total	$ 20,467.0	$ 18,557.6	10%
China (consolidated)	$ 2,519.3	$ 2,277.6	11%
China (non-consolidated)	1,500.1	1,598.6	(6)%

A growing trend toward crossover and sport utility vehicles has benefited our business, as our content on such vehicles can be significantly higher than average, particularly in our Seating segment. Crossover and sport utility vehicle production has grown to approximately 33% of total vehicle production in 2017, up from 18% of total vehicle production five years ago. China has been a major driver of this trend, where crossover and sport utility vehicle production now comprises approximately 39% of total vehicle production, up from 12% of total vehicle production five years ago.

Key trends that specifically affect our business include automotive manufacturers’ utilization of global vehicle platforms, increasing demand for luxury and performance features, including increasing levels of electrical and electronic content, and China’s emergence as the single largest major automotive market in the world with above average long-term growth expectations.

Our strategy is built on addressing these trends and the major imperatives for success as an automotive supplier: quality, cost and efficiency and innovation and technology. We have expanded key component and software capabilities through organic investment and acquisitions to ensure a full complement of the best solutions for our customers. We have restructured, and

continue to align, our manufacturing and engineering footprint to attain a leading competitive cost position globally. We have established or expanded activities in new and growing markets, especially China, in support of our customers' growth and global platform initiatives. These initiatives have helped us achieve our financial goals overall, as well as a more balanced regional, customer and vehicle segment diversification in our business.

In addition, we believe that the trends of efficiency, connectivity and safety are rapidly evolving and advancing into the following technology trends that are likely to be at the forefront of our industry for the foreseeable future with each converging long-term toward fully autonomous, connected, electric or hybrid electric vehicles:

- **Electrification** - Demand for more energy efficient vehicles is increasing, both from customers to meet stricter fuel economy and emissions standards and from a growing segment of consumers to reduce the environmental impact of automobiles. This requires further use of electronically controlled and assisted powertrains and related components to improve fuel efficiency and the adoption of alternative energy powertrains, such as 48-volt mild hybrid, full hybrid, hybrid electric and high power battery electric, that facilitate electrification of the vehicle, as well as the use of lighter weight materials throughout the vehicle.
- **Connectivity** - Customer and consumer demands for constant communication and information exchange with the vehicle continue to increase. What began with consumer demand to extend and integrate mobile connectivity into the vehicle by connecting mobile devices with vehicle infotainment systems is evolving such that the vehicle itself will have an embedded, direct line of wireless communication connecting the vehicle with various networks (e.g., cellular, infrastructure, satellite, etc.) and other vehicles. We expect these trends to continue, making the vehicle a constantly connected device, receiving and transmitting data through a variety of signals, which communicate directly with on-board vehicle systems.
- **Autonomy/Advanced Driver Assistance** - Customer and consumer demands are evolving from safety features and systems that protect vehicle occupants when a crash occurs to advanced driver assistance systems (ADAS) that help prevent crashes by assisting in the vehicle's operation under certain conditions. The development of automated intervention uses many of the same core technologies that will enable vehicles to drive autonomously under an increasing variety of driving conditions.

These trends are becoming widely accepted and are also attracting new, non-traditional participants in the automotive industry that are leveraging technology, vehicle electrification and consumer relationships to exploit growth opportunities in the industry. Regulation is also a major influence on these trends, as government mandates (e.g., for vehicles to meet minimum fuel economy and emissions standards or be equipped with certain safety-related components) are driving vehicle design and technology plans.

We are well positioned for growth by capitalizing on these trends as we supply high value systems and components that drive critical functionality and core elements of the vehicle's electrical architecture and design. The systems and components that we design, develop and manufacture facilitate and support more fuel efficient or fully electrically-powered alternative powertrains, facilitate connectivity of various vehicle systems, and impact a vehicle's safety, crashworthiness and readiness for autonomous driving systems. Many of our systems and components also directly impact the consumer, providing us with the opportunity to offer our automotive customers technology, solutions and designs that will differentiate their vehicles in the consumer marketplace.

We are well positioned to directly participate in the connectivity trend as we design, develop and supply systems, components and software that connect the various electrical and electronic systems within the vehicle into integrated on-board power and data communication networks. We further have the technology and expertise to wirelessly and securely connect these on-board vehicle networks and systems with external networks over various standards and protocols. This expertise allows us to offer our automotive customers electronic modules, such as connected gateway modules, that offer functionality such as over-the-air software updates or cellular communication of vehicle performance data to the automotive manufacturers, their dealers or the vehicle owners. Our expertise in V2X technology allows us to provide in-vehicle and roadside modules and software that facilitate direct, high speed communication between vehicles and road infrastructure. Importantly, we have expertise in cybersecurity, including architectures, designs and techniques that promote highly secure transmission of data to, from and within the vehicle, as well as road infrastructure.

Furthermore, a seat is an active part of the vehicle safety system. As a result of our innovative product design and technology capabilities, we are able to provide seats with enhanced safety features, such as the active head restraint and seat structures that withstand collision impact well in excess of what is demanded by regulatory agencies. We have developed products and materials to reduce cost and enhance seat design and packaging flexibility, including our mini recliners and micro adjust tracks. Another way in which we are well positioned to benefit from this trend-related growth is our belief that the seat system will become increasingly more sophisticated, dynamic and connected to both the occupants and the vehicle. The seat is the logical focal point for monitoring the driver and passenger and for facilitating feedback between the vehicle and the occupants. Our capabilities in V2X communications and applications position us to provide high speed communication between vehicles, even

in extreme weather conditions, potentially reducing crashes through real-time advisories alerting drivers to imminent hazards in the roadway ahead, including other vehicles on a potential path for collision.

Continued growth in more fuel efficient, complex and electronically controlled powertrains is helping to drive content growth in the vehicle's electrical distribution system. The emergence and continued development of alternative energy powertrains, including electric, hybrid electric, 48-volt mild hybrid and other technologies, is driving growth in high power electric systems and components. Hybrid and electric vehicles incorporate both high power and low power components. As a result, they offer a significant incremental content opportunity for us of up to $2,000 per vehicle for full electric vehicle architectures. These trends all support continued growth in electrical and electronic content on the vehicle, as well as associated software. This content growth will require far more complex vehicle electrical architectures. Our significant experience designing and manufacturing highly integrated and standardized architectures that optimize size, performance and quality leaves us well positioned to take advantage of the growth in electrical content and the increasingly complex architectures.

We believe that the convergence of these technology trends and eventual wide-spread adoption of autonomous vehicles will benefit both our Seating and E-Systems segments. We believe that autonomous vehicles will have seat designs and requirements that are far more flexible and demanding in both autonomous and piloted driving states. Further, more active monitoring of the driver and the driver's position and physical state will be required to manage the transitions between autonomous and piloted driving conditions. A demand for mobility services and on-demand transportation from providers such as Uber or Lyft is helping to drive interest and growth in these technology trends, particularly fully autonomous vehicles. The increasing prevalence of mobility services will potentially create a new segment of autonomous vehicle fleet customers with unique vehicle technology and design needs, including more flexible, durable and connected seating solutions for a wide range of passengers. Not only will autonomous vehicles need to be fully connected and networked to maximize their safety and efficiency, their power consumption will be significantly higher to support the array of sensors and processing power required to operate such vehicles.

Seating Segment

Lear is a recognized global leader in complete automotive seat systems and key individual seat components. The Seating segment consists of the design, development, engineering, just-in-time assembly and delivery of complete seat systems, as well as the design, development, engineering and manufacture of all major seat components, including seat covers and surface materials such as leather and fabric, seat structures and mechanisms, seat foam and headrests, as well as seating-related electrical and electronics (including software products). We believe that we have the most complete set of component offerings of any automotive seating supplier and are a market leader in every automotive producing market in the world. Further, we have expertise and are building capabilities in seat comfort technologies, including heating and cooling through technology partnerships and design-integrated supplier solutions. Overall, our global manufacturing and engineering expertise, low-cost footprint, complete component capabilities, quality leadership and strong customer relationships provide us with a solid platform for future growth in this segment.

We produce seat systems that are fully assembled and ready for installation in automobiles and light trucks. Seat systems are generally designed and engineered for specific vehicle models or platforms. We develop seat systems and components for all vehicle segments from compact cars to full-size sport utility vehicles. We are the world leader in luxury and performance automotive seating, providing craftsmanship, elegance in design, use of innovative materials and industry-leading technology required by premium brands, including Alfa Romeo, Audi, BMW, Cadillac, Ferrari, Jaguar Land Rover, Lamborghini, Lincoln, Maserati, Mercedes-Benz and Porsche.

We have been executing a strategy for vertical integration of key seat components to enhance growth, improve quality, increase profitability and support our current market position in just-in-time seat assembly. In this regard, our capabilities in seat structures and mechanisms include complete development and manufacturing capabilities in every major automotive producing region in the world. In addition, we have developed standardized seat structures and mechanisms that can be adapted to multiple segments to minimize investment costs. We believe that our low-cost manufacturing footprint in seat structures and mechanisms and our precision engineered seat mechanism expertise are competitive advantages.

We have also expanded our seat cover operations, including precision cutting, assembly, sewing and lamination of seat fabric, in low-cost markets, entered the fabric business (largely through our acquisition of Guilford Mills) and added industry-leading leather design, development and manufacturing capabilities (through our acquisition of Eagle Ottawa). On a global basis, we can provide a full range of seat cover capabilities and design solutions, including the use of unique leather and fabric applications. We believe that the combination of these capabilities in seating surface materials leads the industry.

Craftsmanship and Design (Crafted by Lear™)

We believe that our broad portfolio of capabilities, including advanced design and material integration skills, is a differentiating competitive advantage for us. The breadth of our portfolio and depth of our design expertise allow us to have early involvement

in the automotive manufacturer's design process and the opportunity to better integrate all seating components to provide differentiated design comfort, quality and overall value for the end consumer. We are leveraging our unique position to be an industry leader in differentiated design through our Center for Craftsmanship. This is a dedicated studio for customer interface where designers and engineers work collaboratively to create innovative solutions early in the design process. We have also developed a proprietary craftsmanship process called Harmonic Precision that synthesizes all of our component expertise and technologies with our customers' design visions to create an objective analysis of the impact that the final design and execution will have in the marketplace. The team of experts at the Center for Craftsmanship has developed a portfolio of product technologies that deliver differentiated design, craftsmanship, comfort and sustainable products, including IMPACT by Lear™, a selection of premium textiles and leathers that include both sustainable materials and processes such as natural fibers, fibers made from certified recycled stock, olive tanned leathers and 100% water-based leather finishing to reduce our impact on the environment. ComforCore™, a knit product that provides superior comfort profiles while reducing the use of petroleum-derived foam products, and Contour Connect™ enable the strong design lines and thinner seating profiles our customers are designing into the automotive interiors of the future. We believe that our unmatched component capabilities, design know-how, global manufacturing presence and our Crafted by Lear™ portfolio of enabling and sustainable technologies uniquely position us to bring innovative designs into production with the highest level of craftsmanship.

Intelligent Seating (INTU™ Seating)

The seat is emerging as an integral device facilitating the direct connection between drivers and passengers and the vehicle. This direct connection will increasingly support the functionality of connected and autonomous vehicles. We believe that we are the only seating supplier with both global capabilities in all major seat components and global electronics development (including software), manufacturing and integration. We believe that the seat will increasingly integrate electronics, not only for motorized control, but for dynamic sensing and response. We have developed active sensing and comfort seat capabilities, utilizing electronically controlled sensor and adjustment systems and internally developed algorithms. These seat designs automatically and constantly adjust the seat's cushioning and support based on the occupant's position and ideal alignment for health and wellness. We are also developing technologies that will monitor certain bio-metric readings through seat sensors with a high level of accuracy and reliability. We believe that intelligent and dynamic seating solutions, which we call INTU™ Seating, will provide future benefits as consumers and automotive manufacturers demand seats that can sense key attributes of a driver and passenger and communicate these attributes within the vehicle network, as well as to external networks. Our seats will intuitively anticipate and dynamically adjust to the occupant's needs and preferences related to posture, health and wellness, comfort and safety. We believe that the seat will increasingly become a more dynamic and integrated system that will actively react to both the driver and driving conditions, particularly with the advent of autonomous vehicles. Such trends will promote increased levels of electrical and electronic integration into the seat, accelerating the convergence of our Seating and E-Systems businesses.

Adaptive Seating Architecture (Drop & Go™)

Our Drop & Go™ adaptive seating solution provides enhanced flexibility and cargo management for crossovers, SUVs and passenger vans, while delivering seat electrification. Drop & Go™ is well-suited for ever-changing consumer lifestyles, including the increasing use of on-demand transportation from providers such as Uber and Lyft. Enabled by advanced interface modules integrated into the seat structure and full-length floor-mounted tracks, Drop & Go™ allows virtually limitless configurations of seats including full removal. Drop & Go™ also allows optional functionality, such as storage and transport of equipment for sports and other activities, executive seating and special application seating.

Manufacturing

Our seat assembly facilities use lean manufacturing techniques, and our finished products are delivered to the automotive manufacturers on a just-in-time basis, matching our customers' exact build specifications for a particular day, shift and sequence thereby reducing inventories to optimum levels. These facilities are typically located adjacent to or near our customers' manufacturing and assembly sites. Increasingly, we are utilizing component and sub-assembly designs that allow us to drive higher efficiencies in our seat assembly facilities and further integrate certain assembly activities with our core component manufacturing operations. Our seat components, including recliner mechanisms, seat tracks and seat trim covers, leather and fabric are manufactured in batches, typically utilizing facilities in low-cost regions.

Financial Summary

A summary of revenues from external customers and other financial information for our Seating segment is shown below. For additional information regarding the operating results of our Seating segment, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations." For additional information regarding Lear's total sales and long-lived assets by geographic area, as well as customer concentrations, see Note 12, "Segment

Reporting," to the consolidated financial statements included in this Report. The top five customers of this segment are: General Motors, Ford, BMW, Fiat Chrysler and Daimler.

(In millions)		2017		2016		2015
Revenues from external customers	$	15,873.0	$	14,356.7	$	14,098.5
Segment earnings (1)		1,250.8		1,136.0		907.0
Depreciation and amortization		289.5		258.1		239.3
Capital expenditures		398.3		341.6		317.2
Total assets		7,303.4		6,199.2		5,780.7

(1) As discussed in Note 2, "Summary of Significant Accounting Policies — Segment Reporting," segment earnings represents pretax income before equity in net income of affiliates, interest expense and other expense.

Competition

Based on independent market studies and management estimates, we believe that we hold the #2 position in seat systems assembly globally on the basis of revenue with strong positions in all major markets. We estimate the global seat systems market at more than $65 billion in 2017. We are a leading supplier of various components produced for complete seat systems.

Our primary competitor in this segment globally is Adient, plc. Other competitors in this segment include Faurecia S.A., Toyota Boshoku Corporation, TS Tech Co., Ltd. and Magna International Inc., which have varying market presence depending on the region, country or automotive manufacturer. Peugeot S.A., Toyota Motor Corporation and Honda Motor Co. Ltd. hold equity ownership positions in Faurecia S.A., Toyota Boshoku Corporation and TS Tech Co., Ltd., respectively. Other automotive manufacturers maintain a presence in the seat systems market through wholly owned subsidiaries or in-house operations. In seat components, we compete with the seat systems suppliers identified above, as well as certain suppliers that specialize in particular components.

Technology

We maintain state-of-the-art testing, instrumentation and data analysis capabilities. We own industry-leading seat validation test centers featuring crashworthiness, durability and full acoustic and sound quality testing capabilities. Together with computer-controlled data acquisition and analysis capabilities, these centers provide precisely controlled laboratory conditions for sophisticated testing of parts, materials and systems. In addition, we incorporate many convenience, comfort and safety features into our designs, including advanced whiplash prevention concepts, integrated restraint seat systems and side impact airbags. We also invest in our computer-aided engineering design and computer-aided manufacturing systems.

We also are investing in seat heating and cooling capabilities and technologies. We have added expertise in this area internally and through a strategic partnership for thermoelectric seat heating and cooling technology. The addition of seat heating and cooling to our existing capabilities and technologies in seat fabric, premium leather and seat cover sewing, as well as seat foam and seat structures, allows us to offer unique seat designs and the most complete range of seat features.

We have developed products and materials to improve comfort and ease of adjustment, promote customization and styling flexibility, increase durability and reliability, enhance safety, expand the usage of environmentally friendly materials and reduce cost and weight. ProActive™ Seating uses proprietary MySeat by Lear™ technology powered by our TheraMetric™ analytical process. This process is derived from our research to provide a driver with a seating position that promotes better posture and cumulative wellness benefits. ProActive™ Seating has been endorsed by the American Chiropractic Association, International Chiropractors Association, World Federation of Chiropractic and Loomis Institute of Enzyme Nutrition. Our Lear Crafted Comfort Connect™ and Advanced Comfort Systems™ are adjustable cushions, seat backs and side bolsters which support correct posture and provide improved comfort and appearance. Our Guilford TeXstyle™ fabrics provide customizable fabric engineered to improve the vehicle experience and durability, and our TeXstyle™ Enhance offerings provide a range of secondary embellishment technologies to enhance standard fabrics, enabling unique design within an array of fabric choices. Our proprietary, anti-soiling performance leather finishing technology, Ansolé™, improves durability and protects against fading. Our head restraints provide improved comfort and safety with adjustability. Our high speed smart fold technology is a regulated high speed folding adjustment mechanism that delivers premium convenience while maintaining leading safety and comfort benefits. Our mini recliners and micro adjust tracks are seat mechanisms, which provide precision movement and facilitate interior packaging space flexibility. Our Dynamic Environmental Comfort Systems™ utilize environmentally friendly materials and offer weight reductions of 30% - 40%, as compared to current foam seat designs. Our SoyFoam™ seats, which are used by multiple global customers, are up to 24% renewable, as compared to non-renewable, petroleum-based foam seats.

For additional factors that may impact our Seating segment’s business, financial condition, operating results and/or cash flows, see Item 1A, "Risk Factors."

E-Systems Segment

The E-Systems segment consists of the design, development, engineering, manufacture, assembly and supply of electrical distribution systems, electronic modules and related components and software for light vehicles globally. We are a leader in power management and signal distribution within the vehicle for traditional vehicle architectures, as well as high power and hybrid electric systems. We have connectivity hardware and software capabilities, including cybersecurity expertise, that facilitate secure, wireless communication between the vehicle's electrical and electronic architecture and external networks, as well as other vehicles.

Electrical Distribution Systems

Electrical distribution systems route electrical signals and manage electrical power within the vehicle for traditional vehicle architectures, as well as high power and hybrid electric systems. Key components in the electrical distribution system include wire harnesses, terminals and connectors and junction boxes, including components for high power and hybrid electric systems.

Wire harness assemblies are a collection of wiring and terminals and connectors that link all of the various electrical and electronic devices within the vehicle to each other and/or to a power source. Wire harness assemblies are a collection of individual circuits fabricated from raw and insulated wire, which is automatically cut to length and terminated during the manufacturing process. Individual circuits are assembled together on a jig or table, inserted into connectors and wrapped or taped to form wire harness assemblies. The assembly process is labor intensive, and as a result, production is generally performed in low-cost labor sites in Mexico, Honduras, Brazil, Eastern Europe, Africa, China, the Philippines and Thailand.

Terminals and connectors include conductive metal components and connector housings that join wire harness assemblies together at their respective end points or connect devices to wire harness assemblies. Terminals and connectors can vary significantly in size and complexity depending on the amount of power or data being transferred and the number of connections being made at any particular point in the electrical distribution system. Terminals and connectors are currently manufactured in Germany, Eastern Europe, China and the United States.

Junction boxes are centrally located modules within the vehicle that contain fuses and/or relays for circuit and device protection and serve as a connection point for multiple wire harnesses. Junction boxes are manufactured in Mexico, Europe, Northern Africa, China and the Philippines with a proprietary, capital-intensive assembly process using printed circuit boards, a portion of which are purchased from third-party suppliers. Certain materials, particularly certain specialized electronic components, are available from a limited number of suppliers. Proprietary features have been developed to improve the function of these junction boxes in harsh environments, including extreme temperatures and humidity.

Advanced Efficiency Systems

Our advanced efficiency systems group is dedicated to the development of high power and hybrid electric systems and components, including wiring, terminals and connectors and power electronics. We have products and technologies that enable the varying degrees of powertrain electrification being employed by automotive manufacturers today from 48-volt mild hybrid vehicles to full electric vehicles. Our products include on-board conductive and inductive charging systems, inverters and converters, charge cord sets, high voltage electrical distribution systems and battery monitoring technology. Our global center for Advanced Efficiency Systems and high power applications is in Southfield, Michigan with full development capabilities also located in Valls, Spain. We are supplying, or will supply, high voltage components and systems for hybrid and electric vehicles produced by BMW, Daimler, Fiat Chrysler, General Motors, Jaguar Land Rover, Renault-Nissan, Volkswagen and Volvo. We believe that our expertise in high power electrical distribution systems will provide additional growth opportunities going forward and will be beneficial with the entrance of technology and emergent companies focusing on electric or other alternative powertrain designs.

Electronics

In our E-Systems segment, we also design, develop, engineer and manufacture electronics, which control various functions within the vehicle, as well as develop and integrate the associated software for these electronic modules. Our electronic modules include body control modules, smart junction boxes, gateway modules, wireless control modules, lighting control modules and audio domain controllers and amplifiers. Our engineering and development activities for electronics are in the United States (Southfield, Michigan and Northern California), Belgium, Germany, Spain, China and India. We assemble these modules using high-speed surface mount placement equipment in Mexico, Europe, Northern Africa, China and the Philippines.

Body control modules primarily control vehicle interior functions outside of the vehicle's head unit or infotainment system. Depending on the vehicle's electrical and electronic architecture, these modules can be either highly integrated, consolidating multiple functional controls into a single module, or focus on a specific function, such as seat position and comfort controls or the door zone control module which controls features such as window lift, door lock and power mirrors. As electronic control modules became increasingly centralized and integrated, we developed "smart junction boxes," which are junction boxes

augmented with integrated electronic functionality that otherwise would be contained in other body control modules. The integration of functionality in our smart junction boxes eliminates interconnections, increases overall system reliability and can consolidate the number of electronic modules within the vehicle. This can lead to reduced cost and complexity. We believe that our expertise in consolidating functional controls into integrated modules and integrating these modules into the vehicle’s electrical and electronic architecture is a competitive strength.

We develop and produce gateway modules, which facilitate secure access to, and communication with, all of the vehicle systems at a central point and translate various signals to facilitate data exchange across various vehicle domains. This gateway becomes increasingly important as formerly distinct vehicle systems increasingly must work in concert with one another. We also offer wireless functionality in both integrated and stand-alone modules, which send and receive signals using radio frequency technology. Our wireless systems include passive entry systems, remote keyless entry and dual range/dual function remote keyless entry systems. We are building on both our core gateway and wireless capabilities as we add and develop higher levels of data and signal connectivity in and out of the vehicle.

Our electronics product offerings also include lighting control modules, which provide the electronic control logic and diagnostics for increasingly advanced and complex vehicle lighting systems, including advanced driver assistance-integrated lighting solutions utilizing advanced LED matrix beam technology. We supply LED lighting control systems for vehicle interiors and exteriors. In addition, we offer audio electronics, including premium audio amplifiers and complete vehicle sound system development capabilities with advanced domain control and audio tuning.

The higher level of complexity and processing power in these electronic control modules is driving rapid increases in software requirements associated with these modules. Accordingly, we continue to build on our knowledge and capabilities in software in order to design and develop more complex and integrated electronic control modules capable of more efficiently managing the distribution of power and data signals through the vehicle.

Connectivity

We are building connectivity capabilities that facilitate secure, wireless communication between the vehicle’s systems and external networks, as well as other vehicles. Our connectivity strategy is based on leveraging our expertise in vehicle electrical and electronic architecture design and development, electronic module functional integration, gateway module data exchange and core wireless signals. We are building capabilities organically through internal investment and through acquisition and partnership. Recent transactions added technology that directly connects on-board vehicle systems with cloud-based applications using proprietary, secure data exchange capabilities via cellular networks and V2X hardware and software solutions utilizing various wireless communications protocols, as well as vehicle positioning through GNSS satellite communications. This includes the development of differentiated GPS technology, which provides high-accuracy positioning solutions for autonomous and connected vehicle applications.

These capabilities, combined with our vehicle electrical and electronic architecture expertise and products, allow us to offer our customers embedded modules and software that facilitate direct and secure connectivity between the vehicle and external networks. Products that we can offer will include connected gateway modules with an array of features including over-the-air software update capabilities, embedded cellular communication modules, e-Call modules that automatically contact emergency services in the event of a crash and both on-board and roadside units that facilitate V2X communications. We combine these offerings with cybersecurity expertise and software solutions to permit highly secure communications and defend against cybersecurity attacks. Our expertise in both core body controls and connectivity allows us to offer "Virtual CarKey" capabilities that securely enable vehicle access via a smartphone.

Financial Summary

A summary of revenues from external customers and other financial information for our E-Systems segment is shown below. For additional information regarding the operating results of our E-Systems segment, see Item 7, "Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations." For additional information regarding Lear’s total sales and long-lived assets by geographic area, as well as customer concentrations, see Note 12, "Segment Reporting," to the consolidated financial statements included in this Report. The top five customers of this segment are: Ford, General Motors, Renault-Nissan, Jaguar Land Rover and BMW.

(In millions)	2017	2016	2015
Revenues from external customers	$ 4,594.0	$ 4,200.9	$ 4,112.9
Segment earnings (1)	641.6	591.3	554.4
Depreciation and amortization	123.4	107.6	99.3
Capital expenditures	176.3	162.4	134.4
Total assets	2,268.0	1,675.9	1,572.9

(1) As discussed in Note 2, "Summary of Significant Accounting Policies — Segment Reporting," segment earnings represents pretax income before equity in net income of affiliates, interest expense and other expense.

Competition

We estimate the global target market for our E-Systems business to be over $90 billion. Our major competitors in electrical distribution systems include Aptiv PLC, Leoni AG, Molex Incorporated (a subsidiary of Koch Industries Inc.), Sumitomo Corporation, TE Connectivity and Yazaki Corporation. Our major competitors in electronic modules, including connectivity solutions, include Aptiv PLC, Continental AG, Denso Corporation, Harman International Industries, Incorporated (acquired by Samsung Electronics Co. Ltd. in 2017), Hella AG, Robert Bosch GmbH, Valeo S.A. and Visteon Corporation.

Technology

The E-Systems segment is technology driven and typically requires higher investment as a percentage of sales than our Seating segment. Our complete electrical distribution system design capabilities, coupled with certain market-leading component technologies, allow access to our customers' development teams, which provides an early indication of our customers' product needs and enables us to develop system design efficiencies. Our ability to design and integrate electronic modules creates a competitive advantage as we support customers with complete electrical architecture development. Our expertise is developed and delivered by approximately 2,400 engineers across seventeen countries and is led by five global technology centers of excellence in Belgium, China, Germany, Spain and the United States for each of our major product lines in this segment, which are described below.

In electrical distribution systems, our technology includes expertise in the design and use of alternative conductor materials, such as aluminum, copper-clad steel and other hybrid alloys. Alternative conductor materials can enable the use of ultra small gauge conductors, which reduce the weight and packaging size of electrical distribution systems. We also have developed proprietary manufacturing process technologies, such as our vertical manufacturing system that features three dimensional wire harness assembly boards. Our expertise in terminals and connectors technology facilitates our ability to implement these small gauge and alternative alloy conductors. We have developed advanced capabilities in aluminum terminals and aluminum wire termination, ultra small gauge termination, and high voltage terminals and connectors. We have developed high packaging density in-line connectors and new small gauge terminals that will enable wire gauge reduction and provide our customers with smaller and lower cost solutions. Our high voltage terminals and connectors are a part of our advanced efficiency systems capabilities, and we have established a leading capability in power density (power per packaging size) that is being adopted by multiple automakers. Our advanced efficiency systems and components for high voltage vehicle applications have achieved industry leading efficiency, packaging and reliability. We continue to build on our strong technology position for high voltage applications and have developed an 11kW wireless charging system that enables electric vehicles to safely recharge at the highest power level available without plugging in the vehicle. We have 625 patents issued or applied for in the advanced efficiency systems product technology area. These technologies are supported by our proprietary Virtual Proving Grounds, which is an industry-leading suite of in-house developed tools and processes to significantly reduce the design, development, and validation testing time and expense.

In electronics, we are a market leader in smart junction box technology and began production of our Automotive News PACE Award winning Solid State Smart Junction Box™ in 2016. We continue to refine our smart junction box technology, including the development of aluminum printed circuit boards. We have developed body control modules with dual core microprocessors that allow body control and gateway functionality in a single module. We are a leader in gateway module technology and have capabilities to enable our gateway and other electronic control modules to efficiently and securely manage the increasing amount of both wired and wireless signals running throughout, as well as within and outside of, the vehicle, including being first-to-market with an ethernet-enabled gateway module. We also have developed wireless products, such as lower-cost passive entry systems with improved security using ultra wide band technology and that feature our 2-way remote keyless entry systems that enable the vehicle to provide feedback to the consumer, such as verification that the doors have locked or that the engine has started. In lighting, we have developed advanced technology electronic controls, including a Matrix LED Control System capable of individually dimming and switching on/off up to 100 LEDs. This system enables steerable light beams and other advanced lighting features and can be paired with driver assistance system sensors for functionality, such as automatic

high beam management and obstacle highlighting. In audio, we have developed an ethernet audio video bridging amplifier that facilitates faster processing of digital data at a lower cost.

Software remains a critical element of our E-Systems business. Software capabilities are becoming more important in the management of complex and highly sophisticated electrical architectures. Software within the vehicle is rapidly growing as a key element of technological innovation and a cost effective way to provide new features and functions. We currently employ more than 600 software engineers globally and are pursuing expansion of specialized capabilities in vehicle networking, encryption, cybersecurity and connectivity protocols. We have expanded our software development capabilities through acquisition, internal investment and strategic hires, building on our architecture and power management capabilities with expertise in wireless communication and vehicle positioning software and cybersecurity. As part of our strategy to provide vehicle cybersecurity solutions to our customers, we have developed a firewall module, including proprietary software, which protects the vehicle from cybersecurity intrusion through one of its most vulnerable points, the on-board diagnostic port. We also have enhanced our V2X product line by adding secure, over-the-air software update capabilities to our V2X modules, allowing these units to receive regular software upgrades, which provide additional applications and functionality.

For additional factors that may impact our E-Systems segment's business, financial condition, operating results and/or cash flows, see Item 1A, "Risk Factors."

Customers

In 2017, Ford and General Motors, two of the largest automotive and light truck manufacturers in the world, each accounted for 18% of our net sales. We supply and have expertise in all vehicle segments of the automotive market. Our sales content tends to be higher on those vehicle platforms and segments which offer more features and functionality. The popularity of particular vehicle platforms and segments varies over time and by regional market. We expect to continue to win new business and grow sales at a greater rate than overall automotive industry production. For further information related to our customers and domestic and foreign sales and operations, see Note 12, "Segment Reporting," to the consolidated financial statements included in this Report.

Our customers award business to their suppliers in a number of ways, including the award of complete systems, which allows suppliers either to manufacture components internally or to purchase components from other suppliers at their discretion. Certain of our customers also elect to award certain components directly to component suppliers and independent of the award of the complete system. We have been selectively expanding our component capabilities and investing in manufacturing capacity in low-cost regions in order to maximize our participation in such component sourcing.

Our customers typically award contracts several years before actual production is scheduled to begin. Each year, the automotive manufacturers introduce new models, update existing models and discontinue certain models and, recently, even complete brands. In this process, we may be selected as the supplier on a new model, we may continue as the supplier on an updated model or we may lose a new or updated model to a competitor. Our sales backlog reflects estimated net sales over the next three years from formally awarded new programs, less lost and discontinued programs. This measure excludes the sales backlog at our non-consolidated joint ventures. As of January 2018, our 2018 to 2020 sales backlog is $3.2 billion, an increase of 14% as compared to our sales backlog as of January 2017. Our current sales backlog reflects $1.2 billion related to 2018 and 60% and 40% related to our Seating and E-Systems segments, respectively. In addition, our 2018 to 2020 sales backlog at our non-consolidated joint ventures is $700 million. Our current sales backlog assumes volumes based on the independent industry projections of IHS Automotive as of December 2017 and a Euro exchange rate of $1.18 / Euro. This sales backlog is generally subject to a number of risks and uncertainties, including vehicle production volumes on new and replacement programs and foreign exchange rates, as well as the timing of production launches and changes in customer development plans. For additional information regarding risks that may affect our sales backlog, see Item 1A, "Risk Factors," and Part II — Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements."

We receive purchase orders from our customers that generally provide for the supply of a customer's annual requirements for a particular vehicle model and assembly plant, or in some cases, for the supply of a customer's requirements for the life of a particular vehicle model, rather than for the purchase of a specified quantity of products. Although most purchase orders may be terminated by our customers at any time, such terminations have been minimal and have not had a material impact on our operating results. We are subject to risks that an automotive manufacturer will produce fewer units of a vehicle model than anticipated or that an automotive manufacturer will not award us a replacement program following the life of a vehicle model. To reduce our reliance on any one vehicle model, we produce automotive systems and components for a broad cross-section of both new and established models. However, larger cars and light trucks, as well as vehicle platforms that offer more features and functionality, such as luxury, sport utility and crossover vehicles, typically have more content and, therefore, tend to have a more significant impact on our operating performance. Our net sales for the year ended December 31, 2017, consisted of 43% passenger cars, 44% crossovers and SUVs and 13% trucks and vans.

Our agreements with our major customers generally provide for an annual productivity price reduction. Historically, cost reductions through product design changes, increased manufacturing productivity and similar programs with our suppliers have generally offset these customer-imposed price reduction requirements. However, raw material, energy and commodity costs can be volatile. Although we have developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, these strategies, together with commercial negotiations with our customers and suppliers, typically offset only a portion of the adverse impact. Certain of these strategies also may limit our opportunities in a declining commodity environment. In addition, we are exposed to increasing market risk associated with fluctuations in foreign exchange as a result of our low-cost footprint and vertical integration strategies. We use derivative financial instruments to reduce our exposure to fluctuations in foreign exchange rates. For additional information regarding our foreign exchange and commodity price risk, see Part II — Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Financial Condition — Foreign Exchange" and "— Commodity Prices."

Seasonality

Our principal operations are directly related to the automotive industry. Consequently, we may experience seasonal fluctuations to the extent automotive vehicle production slows, such as in the summer months when many customer plants close for model year changeovers, in December when many customer plants close for the holidays and during periods of high vehicle inventory. See Note 14, "Quarterly Financial Data," to the consolidated financial statements included in this Report.

Raw Materials

The principal raw materials used in our seat systems, electrical distribution systems and electronics are generally available and obtained from multiple suppliers under various types of supply agreements. Components, such as fabric, foam, leather, seat structures and mechanisms, terminals and connectors and certain other components are either manufactured by us internally or purchased from multiple suppliers under various types of supply agreements. The majority of the steel used in our products is comprised of fabricated components that are integrated into a seat system, such as seat frames, recliner mechanisms, seat tracks and other mechanical components. Therefore, our exposure to changes in steel prices is primarily indirect, through these purchased components. With the exception of certain terminals and connectors, the materials that we use to manufacture wire harness assemblies are substantially purchased from suppliers, including extruded and insulated wire and cable. The majority of our copper purchases are comprised of extruded wire and cable that we integrate into electrical wire harnesses. In general, our copper purchases, as well as a significant portion of our leather purchases, are subject to price index agreements with our customers. We utilize a combination of short-term and long-term supply contracts to purchase key components. We generally retain the right to terminate these agreements if our supplier does not remain competitive in terms of cost, quality, delivery, technology or customer support.

Employees

As of December 31, 2017 and 2016, our employment levels worldwide were approximately as follows:

Region	2017	2016
United States and Canada	9,900	9,900
Mexico	51,200	48,700
Central and South America	14,900	11,100
Europe and Africa	59,200	52,600
Asia	29,800	26,100
Total	165,000	148,400

A substantial number of our employees are members of unions or national trade organizations. We have collective bargaining agreements with several North American unions, including the United Auto Workers, Unifor, International Brotherhood of Electrical Workers and Workers United. Each of our unionized facilities in the United States and Canada has a separate collective bargaining agreement with the union that represents the workers at such facility, with each such agreement having an expiration date that is independent of the other agreements. The majority of our employees in Mexico and Europe are members of industrial trade union organizations or confederations within their respective countries. Many of these organizations and confederations operate under national contracts, which are not specific to any one employer. We have occasionally experienced labor disputes at our plants. We have been able to resolve all such labor disputes and believe our relations with our employees are generally good.

See Item 1A, "Risk Factors — A significant labor dispute involving us or one or more of our customers or suppliers or that could otherwise affect our operations could adversely affect our financial performance," and Part II — Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements."

Intellectual Property

Worldwide, we have approximately 2,200 patents and patent applications pending. While we believe that our patent portfolio is a valuable asset, no individual patent or group of patents is critical to the success of our business. We also license selected technologies to automotive manufacturers and to other automotive suppliers. We continually strive to identify and implement new technologies for use in the design and development of our products.

Advanced technology development is conducted worldwide at our six advanced technology centers and at our product engineering centers. At these centers, we engineer our products to comply with applicable safety standards, meet quality and durability standards, respond to environmental conditions and conform to customer and consumer requirements. Our global innovation and technology center located in Southfield, Michigan, develops and integrates new concepts and is our central location for consumer research, benchmarking, craftsmanship and industrial design activity.

We have numerous registered trademarks in the United States and in many foreign countries. The most important of these marks include LEAR CORPORATION® (including our stylized version thereof) and LEAR®, which are widely used in connection with our products and services. Our other principal brands include GUILFORD™ and EAGLE OTTAWA®. AVENTINO® leather, INTU™ Seating, LEAR CONNEXUS™ signal and data communications, PROACTIVE POSTURE™ seating, ProTec® active head restraints, SMART JUNCTION BOX™ technology, STRUCSURE™ systems and TeXstyle™ fabrics are some of our other trademarks used in connection with certain of our product lines.

We will continue to dedicate resources to engineering and development. Engineering and development costs incurred in connection with product launch, to the extent not recoverable from our customers, are charged to cost of sales as incurred. All other engineering and development costs are charged to selling, general and administrative expenses when incurred. Engineering and development costs charged to selling, general and administrative expenses totaled $148 million, $144 million and $127 million for the years ended December 31, 2017, 2016 and 2015, respectively. Engineering and development costs for which reimbursement is contractually guaranteed by our customers are capitalized. Engineering and development costs capitalized totaled $257 million, $179 million and $194 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Environmental Matters

We are subject to local, state, federal and foreign laws, regulations and ordinances which govern activities or operations that may have adverse environmental effects. These laws, regulations and ordinances may impose liability for clean-up costs resulting from past spills, disposals or other releases of hazardous wastes. For a description of our outstanding environmental matters and other legal proceedings, see Note 11, "Commitments and Contingencies," to the consolidated financial statements included in this Report.

In addition, our customers are subject to significant environmentally focused state, federal and foreign laws and regulations that regulate vehicle emissions, fuel economy and other matters related to the environmental impact of vehicles. To the extent that such laws and regulations ultimately increase or decrease automotive vehicle production, such laws and regulations would likely impact our business. See Item 1A, "Risk Factors."

Furthermore, we currently offer products with environmentally friendly features, and our expertise and capabilities are allowing us to expand our product offerings in this area. We will continue to monitor emerging developments in this area.

Joint Ventures and Noncontrolling Interests

We form joint ventures in order to gain entry into new markets, expand our product offerings and broaden our customer base. In particular, we believe that certain joint ventures have provided us, and will continue to provide us, with the opportunity to expand our business relationships with Asian automotive manufacturers, particularly in emerging markets. We also partner with companies having significant local experience in commerce and customs, as well as capacity, to reduce our financial risk and enhance our potential for achieving expected financial returns. In some cases, these joint ventures may be located in North America or Europe and used to expand our customer relationships.

As of December 31, 2017, we had eighteen operating joint ventures located in five countries. Of these joint ventures, nine are consolidated, and nine are accounted for using the equity method of accounting. Fourteen of the joint ventures operate in Asia, and four operate in North America (including one that is dedicated to serving Asian automotive manufacturers). Net sales of our consolidated joint ventures accounted for approximately 12% of our net sales in 2017. As of December 31, 2017, our investments in non-consolidated joint ventures totaled $147 million.

A summary of our non-consolidated operating joint ventures, including ownership percentages, is shown below. For further information related to our joint ventures, see Note 5, "Investments in Affiliates and Other Related Party Transactions," to the consolidated financial statements included in this Report.

Country	Name	Ownership Percentage
China	Beijing BHAP Lear Automotive Systems Co., Ltd.	50%
China	Jiangxi Jiangling Lear Interior Systems Co., Ltd.	50
China	Lear Dongfeng Automotive Seating Co., Ltd.	50
China	Changchun Lear FAWSN Automotive Electrical and Electronics Co., Ltd.	49
China	Changchun Lear FAWSN Automotive Seat Systems Co., Ltd.	49
China	Beijing Lear Dymos Automotive Systems Co., Ltd.	40
Honduras	Honduras Electrical Distribution Systems S. de R.L. de C.V.	49
India	Dymos Lear Automotive India Private Limited	35
United States	Kyungshin-Lear Sales and Engineering LLC	49

ITEM 1A – RISK FACTORS

Our business, financial condition, operating results and cash flows may be impacted by a number of factors. In addition to the factors affecting our business identified elsewhere in this Report, the most significant factors affecting our operations include the following:

- ***Our industry is cyclical and a decline in the production levels of our major customers, particularly with respect to models for which we are a significant supplier, could adversely affect our financial performance.***

  Our sales are driven by the number of vehicles produced by the automotive manufacturers, which is ultimately dependent on consumer demand for automotive vehicles, and our content per vehicle. The automotive industry is cyclical and sensitive to general economic conditions, including the global credit markets, interest rates, consumer credit and consumer spending and preferences. Automotive sales and production can also be affected by the age of the vehicle fleet and related scrappage rates, labor relations issues, fuel prices, regulatory requirements, government initiatives, trade agreements, the availability and cost of credit, the availability of critical components needed to complete the production of vehicles, restructuring actions of our customers and suppliers, facility closures and increased competition, as well as consumer preferences regarding vehicle size, configuration and features, changing consumer attitudes toward vehicle ownership and usage, such as ride sharing and on-demand transportation, and other factors.

  Our ability to reduce the risks inherent in certain concentrations of business, and thereby maintain our financial performance in the future, will depend, in part, on our ability to continue to diversify our sales on a customer, product, platform and geographic basis to reflect the market overall. While we are pursuing a strategy of aggressively expanding our sales and operations in Asia, no assurances can be given as to how successful we will be in doing so. As a result, an economic downturn or other adverse industry conditions that result in a decline in the production levels of our major customers, particularly with respect to models for which we are a significant supplier, could reduce our sales and thereby adversely affect our financial condition, operating results and cash flows.

- ***The loss of business with respect to, or the lack of commercial success of, a vehicle model for which we are a significant supplier could adversely affect our financial performance.***

  Although we receive purchase orders from our customers, these purchase orders generally provide for the supply of a customer's annual requirements for a particular vehicle model and assembly plant, or in some cases, for the supply of a customer's requirements for the life of a particular vehicle model, rather than for the purchase of a specific quantity of products. In addition, it is possible that our customers could elect to manufacture our products internally or increase the extent to which they require us to utilize specific suppliers or materials in the manufacture of our products. The loss of business with respect to, the lack of commercial success of or an increase in directed component sourcing for a vehicle model for which we are a significant supplier could reduce our sales or margins and thereby adversely affect our financial condition, operating results and cash flows.

- ***Our inability to achieve product cost reductions which offset customer-imposed price reductions could adversely affect our financial performance.***

  Downward pricing pressure by automotive manufacturers is a characteristic of the automotive industry. We regularly negotiate contracts and sales prices with our customers. These contracts require us to reduce our prices over the life of a vehicle model and, at the same time, assume significant responsibility for the design, development and engineering of our products. Our financial performance is largely dependent on our ability to achieve product cost reductions through

product design enhancement and supply chain management, as well as manufacturing efficiencies and restructuring actions. We also seek to enhance our financial performance by investing in product development, design capabilities and new product initiatives that respond to the needs of our customers and consumers. We continually evaluate operational and strategic alternatives to align our business with the changing needs of our customers and improve our business structure by investing in vertical integration opportunities. Our inability to achieve product cost reductions which offset customer-imposed price reductions could adversely affect our financial condition, operating results and cash flows.

- ***Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect our financial performance.***

  Raw material, energy and commodity costs can be volatile. Although we have developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, these strategies, together with commercial negotiations with our customers and suppliers, typically offset only a portion of the adverse impact. Certain of these strategies also may limit our opportunities in a declining commodity environment. In addition, the availability of raw materials, commodities and product components fluctuates from time to time due to factors outside of our control. If the costs of raw materials, energy, commodities and product components increase or the availability thereof is restricted, it could adversely affect our financial condition, operating results and cash flows.

- ***Adverse developments affecting or the financial distress of one or more of our suppliers could adversely affect our financial performance.***

  We obtain components and other products and services from numerous Tier 2 automotive suppliers and other vendors throughout the world. We are responsible for managing our supply chain, including suppliers that may be the sole sources of products that we require, that our customers direct us to use or that have unique capabilities that would make it difficult and/or expensive to re-source. In certain instances, entire industries may experience short-term capacity constraints. Additionally, our production capacity, and that of our customers and suppliers, may be adversely affected by natural disasters. Any such significant disruption could adversely affect our financial performance. Furthermore, unfavorable economic or industry conditions could result in financial distress within our supply base, thereby increasing the risk of supply disruption. Although market conditions generally have improved in recent years, uncertainty remains and another economic downturn or other unfavorable industry conditions in one or more of the regions in which we operate could cause a supply disruption and thereby adversely affect our financial condition, operating results and cash flows.

- ***Our substantial international operations make us vulnerable to risks associated with doing business in foreign countries.***

  As a result of our global presence, a significant portion of our revenues and expenses are denominated in currencies other than the U.S. dollar. We have substantial manufacturing and distribution facilities in many foreign countries, including Mexico and countries in Africa, Asia, Central and South America and Europe. International operations are subject to certain risks inherent in doing business abroad, including:

  - exposure to local economic conditions;
  - political, economic and civil instability and uncertainty (including acts of terrorism, civil unrest, drug-cartel related and other forms of violence and outbreaks of war);
  - labor unrest;
  - expropriation and nationalization;
  - currency exchange rate fluctuations, currency controls and the ability to economically hedge currencies;
  - withholding and other taxes on remittances and other payments by subsidiaries;
  - investment restrictions or requirements;
  - repatriation restrictions or requirements;
  - export and import restrictions and increases in duties and tariffs;
  - increases in working capital requirements related to long supply chains; and
  - global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary unions, international treaties and fiscal policies.

Expanding our sales and operations in Asia and our manufacturing operations in lower-cost regions are important elements of our strategy. As a result, our exposure to the risks described above is substantial. The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable. However, any such occurrences could adversely affect our financial condition, operating results and cash flows.

- ***Certain of our operations are conducted through joint ventures which have unique risks.***

  Certain of our operations, particularly in emerging markets, are conducted through joint ventures. With respect to our joint ventures, we may share ownership and management responsibilities with one or more partners that may not share our goals and objectives. Operating a joint venture requires us to operate the business pursuant to the terms of the agreement that we entered into with our partners, including additional organizational formalities, as well as to share information and decision making. Additional risks associated with joint ventures include one or more partners failing to satisfy contractual obligations, conflicts arising between us and any of our partners, a change in the ownership of any of our partners and less of an ability to control compliance with applicable rules and regulations, including the Foreign Corrupt Practices Act and related rules and regulations. Additionally, our ability to sell our interest in a joint venture may be subject to contractual and other limitations. Accordingly, any such occurrences could adversely affect our financial condition, operating results and cash flows.

- ***We operate in a highly competitive industry and efforts by our competitors, as well as new non-traditional entrants to the industry, to gain market share could adversely affect our financial performance.***

  We operate in a highly competitive industry. We and most of our competitors are seeking to expand market share with new and existing customers, including in Asia and other potential high growth regions. Our customers award business based on, among other things, price, quality, service and technology. Our competitors' efforts, as well as the efforts of new non-traditional entrants to the industry, to grow market share could exert downward pressure on our product pricing and margins. In addition, the success of portions of our business requires us to develop and/or incorporate leading technologies. Such technologies are subject to rapid obsolescence. Our inability to maintain access to these technologies (either through development or licensing) may adversely affect our ability to compete. If we are unable to differentiate our products or maintain a low-cost footprint, we may lose market share or be forced to reduce prices, thereby lowering our margins. Any such occurrences could adversely affect our financial condition, operating results and cash flows.

- ***Our inability to effectively manage the timing, quality and costs of new program launches could adversely affect our financial performance.***

  In connection with the award of new business, we obligate ourselves to deliver new products and services that are subject to our customers' timing, performance and quality standards. Additionally, as a Tier 1 supplier, we must effectively coordinate the activities of numerous suppliers in order for the program launches of our products to be successful. Given the complexity of new program launches, we may experience difficulties managing product quality, timeliness and associated costs. In addition, new program launches require a significant ramp up of costs; however, our sales related to these new programs generally are dependent upon the timing and success of our customers' introduction of new vehicles. Our inability to effectively manage the timing, quality and costs of these new program launches could adversely affect our financial condition, operating results and cash flows.

- ***A significant labor dispute involving us or one or more of our customers or suppliers or that could otherwise affect our operations could adversely affect our financial performance.***

  A substantial number of our employees and the employees of our largest customers and suppliers are members of industrial trade unions and are employed under the terms of various labor agreements. We have labor agreements covering approximately 76,400 employees globally. In the United States and Canada, each of our unionized facilities has a separate collective bargaining agreement with the union that represents the workers at such facility, with each such agreement having an expiration date that is independent of the other agreements. Labor agreements covering approximately 77% of our global unionized work force, including approximately 2% of our unionized workforce in the United States and Canada, are scheduled to expire during 2018. There can be no assurances that future negotiations with the unions will be resolved favorably or that we will not experience a work stoppage or disruption that could adversely affect our financial condition, operating results and cash flows. A labor dispute involving us, any of our customers or suppliers or any other suppliers to our customers or that otherwise affects our operations, or the inability by us, any of our customers or suppliers or any other suppliers to our customers to negotiate, upon the expiration of a labor agreement, an extension of such agreement or a new agreement on satisfactory terms could adversely affect our financial condition, operating results and cash flows. In addition, if any of our significant customers experience a material work stoppage, the customer may halt or limit the purchase of our products. This could require us to shut down or significantly reduce production at facilities relating to such products, which could adversely affect our business and harm our profitability.

- ***Our existing indebtedness and the inability to access capital markets could restrict our business activities or our ability to execute our strategic objectives or adversely affect our financial performance.***

  As of December 31, 2017, we had approximately $2.0 billion of outstanding indebtedness, as well as $1.75 billion available for borrowing under our revolving credit facility. The debt instruments governing our indebtedness contain covenants that may restrict our business activities or our ability to execute our strategic objectives, and our failure to comply with these covenants could result in a default under our indebtedness. We also lease certain buildings and equipment under non-cancelable lease agreements with terms exceeding one year, which are accounted for as operating leases. Additionally, any downgrade in the ratings that rating agencies assign to us and our debt may ultimately impact our access to capital markets. Our inability to generate sufficient cash flow to satisfy our debt and lease obligations, to refinance our debt obligations or to access capital markets on commercially reasonable terms could adversely affect our financial condition, operating results and cash flows.

- ***Significant changes in discount rates, the actual return on pension assets and other factors could adversely affect our financial performance.***

  Our earnings may be positively or negatively impacted by the amount of income or expense recorded related to our global defined benefit plans. Accounting principles generally accepted in the United States require that income or expense related to the defined benefit plans be calculated at the annual measurement date using actuarial calculations, which reflect certain assumptions. The most significant of these assumptions relate to interest rates, the capital markets and other economic conditions. These assumptions, as well as the actual value of pension assets at the measurement date, will impact the calculation of pension and other postretirement benefit expense for the year. Although pension expense and pension contributions are not directly related, the key economic indicators that affect pension expense also affect the amount of cash that we will contribute to our pension plans. Because interest rates and the values of these pension assets have fluctuated and will continue to fluctuate in response to changing market conditions, pension and other postretirement benefit expense in subsequent periods, the funded status of our pension plans and the future minimum required pension contributions, if any, could adversely affect our financial condition, operating results and cash flows.

- ***Impairment charges relating to our goodwill and long-lived assets could adversely affect our financial performance.***

  We regularly monitor our goodwill and long-lived assets for impairment indicators. In conducting our goodwill impairment testing, we may first perform a qualitative assessment of whether it is more likely than not that a reporting unit’s fair value is less than its carrying amount. If not, no further goodwill impairment testing is required. If it is more likely than not that a reporting unit’s fair value is less than its carrying amount, or if we elect not to perform a qualitative assessment of a reporting unit, we then compare the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. In conducting our impairment analysis of long-lived assets, we compare the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. Changes in economic or operating conditions impacting our estimates and assumptions could result in the impairment of our goodwill or long-lived assets. In the event that we determine that our goodwill or long-lived assets are impaired, we may be required to record a significant charge to earnings that could adversely affect our financial condition and operating results.

- ***Our failure to execute our strategic objectives could adversely affect our financial performance.***

  Our financial performance depends, in part, on our ability to successfully execute our strategic objectives. Our objectives are to deliver superior long-term stockholder value by investing in our business to grow and improve our competitive position, while maintaining a strong and flexible balance sheet and returning cash to our stockholders. Various factors, including the industry environment and the other matters described herein and in Part II — Item 7, "Management’s Discussion and Analysis of Financial Condition and Results of Operations," including "— Forward-Looking Statements," could adversely affect our ability to execute our strategic objectives. These risk factors include our failure to identify suitable opportunities for organic investment and/or acquisitions, our inability to successfully develop such opportunities or complete such acquisitions or our inability to successfully utilize or integrate the investments in our operations. Our failure to execute our strategic objectives could adversely affect our financial condition, operating results and cash flows. Moreover, there can be no assurances that, even if implemented, our strategic objectives will be successful.

- ***A disruption in our information technology systems, including a disruption related to cybersecurity, could adversely affect our financial performance.***

  We rely on the accuracy, capacity and security of our information technology systems. Despite the security measures that we have implemented, including those measures related to cybersecurity, our systems, as well as those of our customers, suppliers and other service providers, could be breached or damaged by computer viruses, malware, phishing attacks, denial-of-service attacks, natural or man-made incidents or disasters or unauthorized physical or electronic access. These types of incidents have become more prevalent and pervasive across industries, including our industry, and are expected to continue in the future. A breach could result in business disruption, including the vehicle systems and components that we supply to our customers or our plant operations, theft of our intellectual property, trade secrets or customer information or unauthorized access to personnel information. Although cybersecurity and the continued development and enhancement of our controls, processes and practices designed to protect our information technology systems from attack, damage or unauthorized access are a high priority for us, our actions and investments may not be deployed quickly enough or successfully protect our systems against all vulnerabilities, including technologies developed to bypass our security measures. In addition, outside parties may attempt to fraudulently induce employees or customers to disclose access credentials or other sensitive information in order to gain access to our secure systems and networks. There are no assurances that our actions and investments to improve the maturity of our systems, processes and risk management framework or remediate vulnerabilities will be sufficient or deployed quickly enough to prevent or limit the impact of any cyber intrusion. Moreover, because the techniques used to gain access to or sabotage systems often are not recognized until launched against a target, we may be unable to anticipate the methods necessary to defend against these types of attacks, and we cannot predict the extent, frequency or impact these attacks may have on us. To the extent that our business is interrupted or data is lost, destroyed or inappropriately used or disclosed, such disruptions could adversely affect our competitive position, relationships with our customers, financial condition, operating results and cash flows. In addition, we may be required to incur significant costs to protect against the damage caused by these disruptions or security breaches in the future.

  We are also dependent on security measures that some of our customers, suppliers and other third-party service providers take to protect their own systems and infrastructures. Any security breach of any of these third-parties' systems could result in unauthorized access to our information technology systems, cause us to be non-compliant with applicable laws or regulations, subject us to legal claims or proceedings, disrupt our operations, damage our reputation or cause a loss of confidence in our products or services, any of which could adversely affect our financial performance.

- ***A significant product liability lawsuit, warranty claim or product recall involving us or one of our major customers could adversely affect our financial performance.***

  In the event that our products fail to perform as expected, regardless of fault, and such failure results in, or is alleged to result in, bodily injury and/or property damage or other losses, we may be subject to product liability lawsuits and other claims or we may be required or requested by our customers to participate in a recall or other corrective action involving such products. We also are a party to agreements with certain of our customers, whereby these customers may pursue claims against us for contribution of all or a portion of the amounts sought in connection with product liability and warranty claims. We carry insurance for certain product liability claims, but such coverage may be limited. We do not maintain insurance for product warranty or recall matters. In addition, we may not be successful in recovering amounts from third parties, including sub-suppliers, in connection with these claims. These types of claims could adversely affect our financial condition, operating results and cash flows.

- ***We are involved from time to time in various legal and regulatory proceedings and claims, which could adversely affect our financial performance.***

  We are involved in various legal and regulatory proceedings and claims that, from time to time, are significant. These are typically claims that arise in the normal course of business including, without limitation, commercial or contractual disputes, including disputes with our customers, suppliers or competitors, intellectual property matters, personal injury claims, environmental matters, tax matters, employment matters and antitrust matters. No assurances can be given that such proceedings and claims will not adversely affect our financial condition, operating results and cash flows.

- ***New laws or regulations or changes in existing laws or regulations could adversely affect our financial performance.***

  We and the automotive industry are subject to a variety of federal, state, local and foreign laws and regulations, including those related to health, safety and environmental matters. Governmental regulations also affect taxes and levies, capital markets, healthcare costs, energy usage, international trade and immigration and other labor issues, all of which may have a direct or indirect effect on our business and the businesses of our customers and suppliers. We cannot predict the substance or impact of pending or future legislation or regulations, or the application thereof. The introduction of new

laws or regulations or changes in existing laws or regulations, or the interpretation thereof, could increase the costs of doing business for us or our customers or suppliers or restrict our actions and adversely affect our financial condition, operating results and cash flows.

- ***We are subject to regulation of our international operations that could adversely affect our financial performance.***

  We are subject to many laws governing our international operations, including those that prohibit improper payments to government officials and restrict where we can do business and what information or products we can supply to certain countries, including but not limited to the Foreign Corrupt Practices Act and the U.S. Export Administration Act. Violations of these laws, which are complex and often difficult to interpret and apply, could result in significant criminal penalties or sanctions that could adversely affect our business, financial condition, operating results and cash flows.

- ***We are required to comply with environmental laws and regulations that could cause us to incur significant costs.***

  Our manufacturing facilities are subject to numerous laws and regulations designed to protect the environment, and we expect that additional requirements with respect to environmental matters will be imposed on us in the future.

  Material future expenditures may be necessary if compliance standards change or material unknown conditions that require remediation are discovered. Environmental laws could also restrict our ability to expand our facilities or could require us to acquire costly equipment or to incur other significant expenses in connection with our business. If we fail to comply with present and future environmental laws and regulations, we could be subject to future liabilities, which could adversely affect our financial condition, operating results and cash flows.

- ***Developments or assertions by or against us relating to intellectual property rights could adversely affect our financial performance.***

  We own significant intellectual property, including a large number of patents, trademarks, copyrights and trade secrets, and we are involved in numerous licensing arrangements. Our intellectual property plays an important role in maintaining our competitive position in a number of the markets that we serve. Developments or assertions by or against us relating to intellectual property rights could adversely affect our financial condition, operating results and cash flows.

- ***The United States recently passed a comprehensive tax reform bill that could adversely affect our financial performance.***

  On December 22, 2017, President Trump signed into law new legislation that significantly revises the Internal Revenue Code of 1986, as amended (the "IRC"). The newly enacted federal income tax law, among other things, contains significant changes to corporate taxation, including the reduction of the corporate income tax rate from 35% to 21%, a one-time transition tax on offshore earnings at reduced tax rates regardless of whether the earnings are repatriated, the elimination of U.S. tax on foreign dividends (subject to certain important exceptions), new taxes on certain foreign earnings, a new minimum tax related to payments to foreign subsidiaries and affiliates, immediate deductions for certain new investments and the modification or repeal of many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the new federal tax law is uncertain, and our financial performance could be adversely affected. In addition, it is uncertain if, and to what extent, various states will conform to the new tax law and foreign countries will react by adopting tax legislation or taking other actions that could adversely affect our business.

- ***Significant changes in the North American Free Trade Agreement ("NAFTA") could adversely affect our financial performance.***

  The United States, Mexico and Canada are currently re-negotiating NAFTA, from which the U.S. government has advised it will withdraw if an agreement on revised terms is not reached. The U.S. government proposed changes to NAFTA that would require automotive products to contain significantly higher North American content, as well as specific U.S. domestic content, in order to obtain duty-free treatment under NAFTA. Canada offered counter-proposals, and the three countries are continuing discussions to achieve revised rules for automotive products. Reflective of the automotive industry, our vehicle parts manufacturing facilities in the United States, Mexico and Canada are highly dependent on duty-free trade within the NAFTA region. A significant number of our facilities are in Mexico and represent a critical component of our supply chain and that of our customers. We have significant imports into the United States, and the imposition of customs duties on these imports could negatively impact our financial performance. If such customs duties are implemented, Mexico and Canada may take retaliatory actions with respect to U.S. imports or U.S. investments in their countries. Any such potential actions could adversely affect our financial performance.

- ***Changes in the United Kingdom's economic and other relationships with the European Union could adversely affect us.***

  In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum ("Brexit"). In March 2017, the United Kingdom formally notified the European Union of its intention to withdraw, and withdrawal negotiations began in June 2017. European Union rules provide for a two-year negotiation period, beginning on the withdrawal notification date, unless an extension is agreed to by the parties. The negotiations between the parties have yet to produce an overall structure for their ongoing relationship following Brexit. We have significant operations in both the United Kingdom and the European Union. Our supply chain and that of our customers are highly integrated across the United Kingdom and the European Union, and we are highly dependent on the free flow of goods in those regions. The ongoing uncertainty and potential re-imposition of border controls and customs duties on trade between the United Kingdom and European Union nations could negatively impact our competitive position, supplier and customer relationships and financial performance. The ultimate effects of Brexit on us will depend on the specific terms of any agreement the United Kingdom and the European Union reach to provide access to each other’s respective markets.

ITEM 1B – UNRESOLVED STAFF COMMENTS

None.

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ITEM 2 – PROPERTIES

As of December 31, 2017, our operations were conducted through 257 facilities, some of which are used for multiple purposes, including 86 just-in-time manufacturing facilities, 121 dedicated component manufacturing facilities, 6 sequencing and distribution sites, 36 administrative/technical support facilities and 8 advanced technology centers, in 39 countries. Our corporate headquarters is located in Southfield, Michigan.

Of our 257 total facilities, which include facilities owned or leased by our consolidated subsidiaries, 107 are owned and 150 are leased with expiration dates ranging from 2017 through 2053. We believe that substantially all of our property and equipment is in good condition and that we have sufficient capacity to meet our current and expected manufacturing and distribution needs. See Part II — Item 7, "Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Financial Condition."

Seating

Argentina
- Escobar, BA
- Ferreyra, CBA

Belgium
- Brussels

Brazil
- Betim
- Caçapava
- Joinville
- Pernambuco

Canada
- Ajax, ON
- Whitby, ON

China
- Beijing
- Changshu
- Chongqing
- Guangzhou
- Hangzhou
- Liuzhou
- Nanjing
- Rui’an
- Shanghai
- Shenyang
- Wuhan
- Wuhu

Czech Republic
- Hranice

Czech Republic (continued)
- Kolin
- Stribro

Dominican Republic
- Santo Domingo

France
- Cergy
- Feignies
- Jarney
- Roche La Moliere

Germany
- Besigheim
- Bremen
- Eisenach
- Ginsheim-Gustavsburg
- Rietberg
- Wackersdorf

Hungary
- Györ
- Mor
- Szolnok

India
- Chennai
- Halol
- Haridwar
- Nasik

India (continued)
- Pune
- Tijara

Indonesia
- Cikarang

Italy
- Caivano, NA
- Cassino, FR
- Grugliasco, TO
- Melfi, PZ
- Pozzo d’Adda, MI

Macedonia
- Tetovo

Malaysia
- Behrang Stesen
- Klang

Mexico
- Arteaga, CA
- Ascension, CH
- Cuautlancingo, PU
- Fresnillo, ZA
- Hermosillo, SO
- Huamantla, TL
- Juarez, CH
- Leon, GT
- Mexico City, DF
- Monclova, CO
- Nuevo Casas Grandes, CH

Mexico (continued)
- Panzacola, TL
- Piedras Negras, CO
- Ramos Arizpe, CO
- Saltillo, CO
- San Felipe, GU
- San Luis Potosi, SL
- Silao, GO
- Toluca, MX
- Villa Ahumada, CH

Moldova
- Ungheni

Morocco
- Tangier

Poland
- Bierun
- Jaroslaw
- Legnica
- Tychy

Portugal
- Mangualde
- Valenca

Romania
- Iasi

Russia
- Kaluga
- Nizhny Novgorod

Slovak Republic
- Presov
- Voderady

South Africa
- East London
- Port Elizabeth
- Rosslyn

South Korea
- Gyeongju

Spain
- Barcelona
- Burgos
- Epila
- Martorell
- O Porrino
- Sant Esteve Sesrovir
- Valencia
- Vigo
- Vitoria

Thailand
- Mueang Nakhon Ratchasima
- Rayong

United Kingdom
- Alfreton
- Coventry

United Kingdom (continued)
- Redditch
- Sunderland

United States
- Arlington, TX
- Columbia City, IN
- Detroit, MI
- Duncan, SC
- Farwell, MI
- Flint, MI
- Hammond, IN
- Hebron, OH
- Highland Park, MI
- Kenansville, NC
- Louisville, KY
- Montgomery, AL
- Morristown, TN
- Pine Grove, PA
- Portage, IN
- Rochester Hills, MI
- Roscommon, MI
- Selma, AL
- Tuscaloosa, AL
- Wentzville, MO

Vietnam
- Hai Phong City

E-Systems

Argentina
- Pacheco, BA
- San Francisco, CBA

Brazil
- Navegantes

China
- Chongqing
- Shanghai
- Wuhan
- Yangzhou

Czech Republic
- Vyskov

Germany
- Bersenbrueck
- Kronach
- Saarlouis
- Wismar

Honduras
- Naco

Hungary
- Gödöllö
- Gyöngyös

India
- Pune

Mexico
- Apodaca, NL
- Chihuahua, CH
- Juarez, CH
- Torreon, CA

Morocco
- Kenitra
- Salé Al-Jadida
- Tangier

Philippines
- LapuLapu City

Poland
- Mielec

Romania
- Campulung
- Pitesti

Russia
- Volokolamsk

Serbia
- Novi Sad

South Africa
- Port Elizabeth

Spain
- Almussafes
- Valls

Thailand
- Kabin Buri

United States
- Plymouth, IN
- Taylor, MI
- Traverse City, MI

ADMINISTRATIVE/TECHNICAL

Australia
- Essendon Fields

Belgium
- Leuven

Brazil
- São Paulo

China
- Shanghai

Czech Republic
- Brno
- Pilsen

France
- Vélizy-Villacoublay

Germany
- Cologne
- Korntal-Münchingen
- Remscheid
- Schwaig-Oberding
- Sindelfingen
- Wolfsburg

India
- Bengaluru
- Pune

Israel
- Tel Aviv

Italy
- Grugliasco, TO

Japan
- Akigun
- Hiroshima
- Kariya

Japan (continued)
- Nagoya
- Tokyo
- Yokohama

Mexico
- Juarez, CH

Netherlands
- Hilversum

Philippines
- LapuLapu City

Singapore

South Korea
- Seoul

Spain
- Valls

Sweden
- Gothenburg

Thailand
- Bangkok

United Kingdom
- Coventry

United States
- Ann Arbor, MI
- Detroit, MI
- El Paso, TX
- Rochester Hills, MI
- San Mateo, CA
- Santa Rosa, CA
- Southfield, MI
- Wilmington, NC

ITEM 3 – LEGAL PROCEEDINGS

Legal and Environmental Matters

We are involved from time to time in various legal proceedings and claims, including, without limitation, commercial or contractual disputes, product liability claims and environmental and other matters. For a description of risks related to various legal proceedings and claims, see Item 1A, "Risk Factors." For a description of our outstanding material legal proceedings, see Note 11, "Commitments and Contingencies," to the consolidated financial statements included in this Report.

ITEM 4 – MINE SAFETY DISCLOSURES

None.

SUPPLEMENTARY ITEM – EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth the names, ages and positions of our executive officers. Executive officers are appointed annually by our Board of Directors and serve at the pleasure of our Board.

Name	Age	Position
Shari L. Burgess	59	Vice President, Treasurer and Chief Diversity Officer
Thomas A. DiDonato	59	Senior Vice President, Human Resources
Amy A. Doyle	50	Vice President, Chief Accounting Officer
Jay K. Kunkel	58	Senior Vice President and President, Asia-Pacific Operations
Terrence B. Larkin	63	Executive Vice President, Business Development, General Counsel and Corporate Secretary
Frank C. Orsini	45	Senior Vice President and President, E-Systems
Raymond E. Scott*	52	Executive Vice President and President, Seating
Matthew J. Simoncini*	57	President and Chief Executive Officer
Melvin L. Stephens	62	Senior Vice President, Communications and Corporate and Investor Relations
Jeffrey H. Vanneste	58	Senior Vice President and Chief Financial Officer

* Mr. Simoncini has elected to retire as President and Chief Executive Officer and as a member of the Board of Directors of the Company, effective February 28, 2018. The Board of Directors has elected Raymond E. Scott to serve as President and Chief Executive Officer of the Company, effective February 28, 2018.

Set forth below is a description of the business experience of each of our executive officers.

Shari L. Burgess — Ms. Burgess is the Company’s Vice President, Treasurer and Chief Diversity Officer, a position she has held since January 2014. Previously, Ms. Burgess served as the Company’s Vice President and Treasurer since August 2002 and in various financial roles since joining the Company in 1992. Prior to joining the Company, Ms. Burgess served as the corporate controller for Victor International Corporation and as an audit manager for Ernst & Young LLP.

Thomas A. DiDonato — Mr. DiDonato is the Company’s Senior Vice President, Human Resources, a position he has held since April 2012. Prior to joining the Company, Mr. DiDonato served as Executive Vice President, Human Resources for American Eagle Outfitters, Inc. since 2005, Chief People Officer for H.J. Heinz since 2004 and Senior Vice President, Human Resources for Heinz North America since 2001. Earlier experiences include directing human resources for a $14 billion division of Merck & Co. and heading worldwide staffing for Pepsico. Mr. DiDonato began his career at General Foods Corporation and moved up to manage the personnel at its largest manufacturing facility.

Amy A. Doyle — Ms. Doyle is the Company’s Vice President, Chief Accounting Officer, a position she has held since May 2017. Ms. Doyle most recently served as the Company’s Assistant Corporate Controller since September 2006. Previously, she served in positions of increasing responsibility at the Company, including Director, Financial Reporting since 2003 and Manager, Financial Reporting since 1999. Prior to joining the Company, Ms. Doyle served as an audit manager for Arthur Andersen LLP.

Jay K. Kunkel	Mr. Kunkel is the Company’s Senior Vice President and President, Asia-Pacific Operations, a position he has held since June 2013. Prior to joining the Company, Mr. Kunkel served as President Asia and as a Member of the Automotive Management Board for Continental A.G. since December 2007 and initially joined Continental A.G. in February 2005. Prior to joining Continental A.G., Mr. Kunkel served as a Director for SRP International Group Ltd. and held various positions of increasing responsibility at PricewaterhouseCoopers, Visteon, Mitsubishi and Chrysler.
Terrence B. Larkin	Mr. Larkin is the Company’s Executive Vice President, Business Development, General Counsel and Corporate Secretary, a position he has held since November 2011. Mr. Larkin previously served as the Company’s Senior Vice President, General Counsel and Corporate Secretary since January 2008. Prior to joining the Company, Mr. Larkin was a partner since 1986 of Bodman PLC, a Detroit-based law firm. Mr. Larkin served on the executive committee of Bodman PLC and was the chairman of its business law practice group. Mr. Larkin’s practice was focused on general corporate, commercial transactions and mergers and acquisitions.
Frank C. Orsini	Mr. Orsini is the Company’s Senior Vice President and President, E-Systems, a position he has held since September 2012. Mr. Orsini most recently served as the Company’s Vice President and Interim President, E-Systems since October 2011. Previously, he served as the Company’s Vice President, Operations, E-Systems since 2009, Vice President, Sales, Program Management & Manufacturing, E-Systems since 2008, Vice President, North America Seating Operations since 2005 and in various other management positions for the Company since 1994. Mr. Orsini currently sits on the board of directors of Focus: HOPE, a non-profit organization.
Raymond E. Scott	Mr. Scott is the Company’s Executive Vice President and President, Seating, a position he has held since November 2011. Mr. Scott most recently served as the Company’s Senior Vice President and President, E-Systems since February 2008. Previously, he served as the Company’s Senior Vice President and President, North American Seat Systems Group since August 2006, Senior Vice President and President, North American Customer Group since June 2005, President, European Customer Focused Division since June 2004 and President, General Motors Division since November 2000. Mr. Scott has been elected by the Board of Directors to serve as President and Chief Executive Officer, effective February 28, 2018.
Matthew J. Simoncini	Mr. Simoncini is the Company’s President and Chief Executive Officer, a position he has held since September 2011. Mr. Simoncini most recently served as the Company’s Senior Vice President and Chief Financial Officer since 2007. Previously, he served as the Company’s Senior Vice President, Finance and Chief Accounting Officer since August 2006, Vice President, Global Finance since February 2006, Vice President of Operational Finance since June 2004, Vice President of Finance — Europe since 2001 and prior to 2001, in various senior financial management positions for the Company and UT Automotive, Inc. Mr. Simoncini has elected to retire as President and Chief Executive Officer and as a member of the Board of Directors of the Company, effective February 28, 2018. Mr. Simoncini will serve as a non-executive employee of the Company until his retirement from the Company on January 4, 2019.
Melvin L. Stephens	Mr. Stephens is the Company’s Senior Vice President, Communications and Corporate & Investor Relations, a position he has held since April 2012. Mr. Stephens most recently served as the Company’s Senior Vice President, Communications, Human Resources and Investor Relations since September 2009. Previously, he served as the Company’s Vice President of Corporate Communications and Investor Relations since January 2002. Prior to joining the Company, Mr. Stephens worked for Ford Motor Company for 23 years and held various leadership positions in finance, business planning, corporate strategy, communications, sales and marketing and investor relations.
Jeffrey H. Vanneste	Mr. Vanneste is the Company’s Senior Vice President and Chief Financial Officer, a position he has held since March 2012. Prior to joining the Company, Mr. Vanneste served as Executive Vice President and Chief Financial Officer for International Automotive Components Group ("IAC") since January 2011 and as Chief Financial Officer for IAC North America since March 2007. Prior to joining IAC, Mr. Vanneste worked with the Company in positions of increasing responsibility over 15 plus years including: Vice President of Finance, European Operations, Vice President of Corporate Business Planning and Analysis, Vice President of Finance, Seating and Vice President of Finance for the Ford and GM Divisions. Prior to joining the Company in October 1991, he served as the assistant controller for Champagne-Webber, Inc. and as an audit senior for Coopers & Lybrand.

PART II

ITEM 5 – MARKET FOR THE COMPANY’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is listed on the New York Stock Exchange under the symbol "LEA."

The high and low sales prices per share of our common stock, as reported on the New York Stock Exchange, and the amount of our dividend declarations for 2017 and 2016 are shown below:

2017	Price Range of Common Stock		Cash Dividend Per Share
	High	Low	
4th Quarter	$ 181.46	$ 170.27	$ 0.50
3rd Quarter	174.66	140.45	0.50
2nd Quarter	153.28	132.01	0.50
1st Quarter	149.00	132.29	0.50

2016	Price Range of Common Stock		Cash Dividend Per Share
	High	Low	
4th Quarter	$ 138.80	$ 110.77	$ 0.30
3rd Quarter	121.78	98.00	0.30
2nd Quarter	120.00	97.35	0.30
1st Quarter	122.09	93.54	0.30

Dividends

Our Board of Directors declared quarterly cash dividends of $0.50 and $0.30 per share of common stock in 2017 and 2016, respectively.

We currently expect to pay quarterly cash dividends in the future, although such payments are at the discretion of our Board of Directors and will depend upon our financial condition, results of operations, capital requirements, alternative uses of capital and other factors that our Board of Directors may consider at its discretion. See Part II — Item 7, "Management’s Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements," and Note 6, "Debt," to the consolidated financial statements included in this Report.

Holders of Common Stock

The Transfer Agent and Registrar for our common stock is Computershare Trust Company, N.A., located in Canton, Massachusetts. On February 2, 2018, there were 50 registered holders of record of our common stock.

For certain information regarding our equity compensation plans, see Part III — Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters — Equity Compensation Plan Information."

Common Stock Share Repurchase Program

Since the first quarter of 2011, our Board of Directors has authorized $4.1 billion in share repurchases under our common stock share repurchase program. As of December 31, 2017, we have a remaining repurchase authorization of $545.6 million, which will expire on December 31, 2019.

We may implement our share repurchases through a variety of methods, including open market purchases, accelerated stock repurchase programs and structured repurchase transactions. The extent to which we will repurchase our outstanding common stock and the timing of such repurchases will depend upon our financial condition, prevailing market conditions, alternative uses of capital and other factors. See Part II — Item 7, "Management’s Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements," Note 6, "Debt," and Note 9, "Capital Stock, Accumulated Other Comprehensive Loss and Equity," to the consolidated financial statements included in this Report.

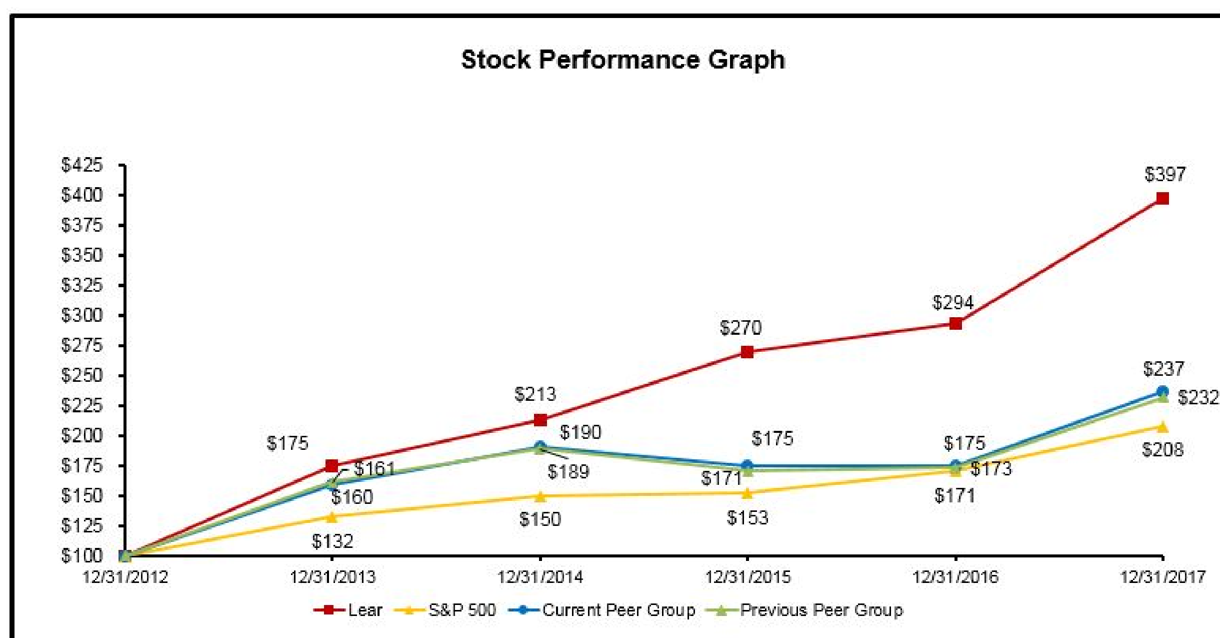
As of December 31, 2017, we have paid $3.5 billion in aggregate for repurchases of our outstanding common stock, at an average price of $79.73 per share, excluding commissions and related fees, since the first quarter of 2011. A summary of the shares of our common stock repurchased during the fiscal quarter ended December 31, 2017, is shown below:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
October 1, 2017 through October 28, 2017	—	$ —	—	$ 667.8
October 29, 2017 through November 25, 2017	216,626	175.32	216,626	629.9
November 26, 2017 through December 31, 2017	477,036	176.72	477,036	545.6
Total	693,662	$ 176.29	693,662	$ 545.6 (1)

(1) Remaining authorization as of December 31, 2017.

Performance Graph

The following graph compares the cumulative total stockholder return from December 31, 2012 through December 31, 2017, for our common stock, the S&P 500 Index and a peer group[1] of companies that we have selected for purposes of this comparison. We have assumed that dividends have been reinvested, and the returns of each company in the S&P 500 Index and the peer group have been weighted to reflect relative stock market capitalization. The graph below assumes that $100 was invested on December 31, 2011, in each of our common stock, the stocks comprising the S&P 500 Index and the stocks comprising the peer group.



	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Lear Corporation	$ 100.00	$ 174.70	$ 213.46	$ 269.70	$ 293.66	$ 397.06
S&P 500	$ 100.00	$ 132.38	$ 150.49	$ 152.55	$ 170.79	$ 208.06
Current Peer Group (1)	$ 100.00	$ 159.84	$ 190.22	$ 174.60	$ 175.14	$ 236.82
Previous Peer Group (1)	$ 100.00	$ 161.37	$ 189.49	$ 171.06	$ 173.07	$ 232.20

(1) We do not believe that there is a single published industry or line of business index that is appropriate for comparing stockholder returns. As a result, we have selected a peer group comprised of representative independent automotive suppliers whose common stock is publicly traded.

In 2017, we modified our peer group to exclude Federal-Mogul Holdings Corporation and to add Adient plc. Referenced in the graph above, our current peer group consists of Adient plc, American Axle & Manufacturing Holdings Inc., Aptiv PLC, BorgWarner Inc., Dana Holding Corporation, Gentex Corp., Magna International, Inc., Superior Industries International, Inc., Tenneco Inc. and Visteon Corporation. In October 2016, Adient plc was spun off from Johnson Controls International Plc. The performance history of Adient plc has been included in the current peer group calculation beginning January 1, 2017. In January 2017, Federal-Mogul Holdings Corporation ceased to be publicly traded. The performance history of Federal-Mogul Holdings Corporation has been excluded from the current peer group calculation for all periods presented and from the previous peer group calculation beginning January 1, 2017. In December 2017, Delphi Automotive PLC spun off its powertrain business and began operating under the name Aptiv PLC. The performance history of Delphi Automotive PLC has been included in both the current and previous peer group calculations.

We believe that the companies that comprise our current peer group more closely align with our business and industry and provide a better comparison of returns. For comparison purposes, we have included our previous peer group in the stock performance graph above.

ITEM 6 – SELECTED FINANCIAL DATA

The following statement of operations, statement of cash flows and balance sheet data were derived from our consolidated financial statements. Our consolidated financial statements for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, have been audited by Ernst & Young LLP. The selected financial data below should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and the notes thereto included in this Report.

For the year ended December 31,	2017 [1]	2016 [2]	2015 [3]	2014 [4]	2013 [5]
Statement of Operations: (in millions)					
Net sales	$ 20,467.0	$ 18,557.6	$ 18,211.4	$ 17,727.3	$ 16,234.0
Gross profit	2,291.1	2,102.1	1,819.8	1,492.8	1,299.7
Selling, general and administrative expenses	635.2	621.9	580.5	529.9	528.7
Amortization of intangible assets	47.6	53.0	52.5	33.7	34.4
Interest expense	85.7	82.5	86.7	67.5	68.4
Other (income) expense, net [6]	(4.1)	6.4	68.6	74.3	58.1
Consolidated income before provision for income taxes and equity in net income of affiliates	1,526.7	1,338.3	1,031.5	787.4	610.1
Provision for income taxes	197.5	370.2	285.5	121.4	192.7
Equity in net income of affiliates	(51.7)	(72.4)	(49.8)	(36.3)	(38.4)
Consolidated net income	1,380.9	1,040.5	795.8	702.3	455.8
Net income attributable to noncontrolling interests	67.5	65.4	50.3	29.9	24.4
Net income attributable to Lear	$ 1,313.4	$ 975.1	$ 745.5	$ 672.4	$ 431.4

For the year ended December 31,	2017 [1]	2016 [2]	2015 [3]	2014 [4]	2013 [5]
Statement of Operations Data:					
Basic net income per share available to Lear common stockholders	$ 18.79	$ 13.48	$ 9.71	$ 8.39	$ 5.07
Diluted net income per share available to Lear common stockholders	$ 18.59	$ 13.33	$ 9.59	$ 8.23	$ 4.99
Weighted average shares outstanding – basic	68,542,363	72,345,436	76,754,270	80,187,516	85,094,889
Weighted average shares outstanding – diluted	69,277,981	73,124,949	77,767,017	81,728,479	86,415,786
Dividends per share	$ 2.00	$ 1.20	$ 1.00	$ 0.80	$ 0.68
Statement of Cash Flows Data: (in millions)					
Cash flows from operating activities	$ 1,783.1	$ 1,619.3	$ 1,271.1	$ 927.8	$ 820.1
Cash flows from investing activities	(868.6)	(637.1)	(965.3)	(780.6)	(403.9)
Cash flows from financing activities	(742.0)	(872.9)	(156.3)	(160.8)	(698.5)
Capital expenditures	594.5	528.3	485.8	424.7	460.6
Other Data (unaudited):					
Ratio of earnings to fixed charges [7]	12.6x	12.0x	9.4x	8.4x	6.8x

As of or for the year ended December 31,	2017	2016	2015	2014	2013
Balance Sheet Data: (in millions) [8]					
Current assets	$ 6,613.0	$ 5,649.3	$ 5,286.6	$ 5,165.6	$ 4,735.1
Total assets	11,945.9	9,900.6	9,405.8	9,113.1	8,303.0
Current liabilities	4,854.3	4,182.3	3,839.6	3,945.1	3,556.0
Long-term debt	1,951.5	1,898.0	1,931.7	1,454.0	1,042.3
Equity	4,292.6	3,192.9	3,017.7	3,029.3	3,149.5
Other Data (unaudited):					
Employees at year end	165,000	148,400	136,200	125,200	122,300
North American content per vehicle [9]	$ 455	$ 422	$ 443	$ 398	$ 377
North American vehicle production (in millions) [10]	17.1	17.8	17.5	17.0	16.2
European content per vehicle [11]	$ 355	$ 316	$ 314	$ 341	$ 315
European vehicle production (in millions) [12]	22.9	22.3	21.5	20.6	19.8

(1) 2017 results include $74.5 million of restructuring and related manufacturing inefficiency charges (including $1.3 million of fixed asset impairment charges), $3.8 million of transaction costs, $5.0 million charge due to an acquisition-related inventory fair value adjustment, $15.4 million litigation charge, $21.2 million loss on the extinguishment of debt, $54.2 million gain related to obtaining control of an affiliate and $214.8 million of net tax benefits related to U.S. corporate tax reform and its associated transition tax, foreign tax credits on repatriated earnings, the reversal of valuation allowances on the deferred tax assets of certain foreign subsidiaries, a change in the accounting for share-based compensation, an incentive tax credit in a foreign subsidiary, the redemption of the 2023 Notes, restructuring charges and various other items.

(2) 2016 results include $69.6 million of restructuring and related manufacturing inefficiency charges (including $4.7 million of fixed asset impairment charges), $34.2 million non-cash pension settlement charge, $1.3 million of transaction costs, $30.3 million gain related to obtaining control of an affiliate and $23.6 million of net tax benefits related to restructuring charges, a non-cash pension settlement charge and various other items.

(3) 2015 results include $97.2 million of restructuring and related manufacturing inefficiency charges (including $3.9 million of fixed asset impairment charges), $10.9 million of transaction and other related costs, $15.8 million charge due to an acquisition-related inventory fair value adjustment, $14.3 million loss on the extinguishment of debt, $1.8 million loss related to an affiliate and $43.1 million of net tax benefits related to restructuring charges, debt redemption costs, acquisition costs and various other items.

(4) 2014 results include $115.3 million of restructuring and related manufacturing inefficiency charges (including $0.5 million of fixed asset impairment charges), $5.3 million of transaction costs, $17.9 million loss on the extinguishment of debt, $0.8 million of losses related to affiliates and $149.1 million of net tax benefits related to net reductions in valuation allowances with respect to the deferred tax assets of certain foreign subsidiaries, reductions in tax reserves due to audit settlements, debt redemption costs, restructuring charges and various other items.

(5) 2013 results include $83.8 million of restructuring and related manufacturing inefficiency charges (including $9.2 million of fixed asset impairment charges), $3.0 million of costs related to a proxy contest, $7.3 million of losses and incremental costs related to the destruction of assets caused by a fire at one of our European production facilities, $3.6 million loss on the partial extinguishment of debt and $27.8 million of net tax benefits related to restructuring, net changes in valuation allowances with respect to the deferred tax assets of certain foreign subsidiaries, the retroactive reinstatement of the U.S. research and development tax credit by the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, and various other items.

(6) Includes non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, gains and losses on the extinguishment of debt, gains and losses on the disposal of fixed assets and other miscellaneous income and expense.

(7) "Fixed charges" consist of interest on debt, amortization of deferred financing fees and that portion of rental expenses representative of interest. "Earnings" consist of consolidated income before provision (benefit) for income taxes and equity in the undistributed net income of affiliates and fixed charges.

(8) The balance sheet data for 2014 and 2013 has been restated to reflect the presentation of debt issuance costs as a reduction of current portion of long-term debt and long-term debt in conjunction with the 2015 adoption of Accounting Standards Update ("ASU") 2015-03, "Interest — Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," and ASU 2015-15, "Interest — Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements — Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting." In addition, the balance sheet data for 2014 and 2013 has been restated to reflect the presentation of all deferred tax assets and liabilities, as well as related valuation allowances, as non-current in conjunction with the 2015 adoption of ASU 2015-17, "Balance Sheet Classification of Deferred Taxes."

(9) "North American content per vehicle" is our net sales in North America divided by total North American vehicle production. Content per vehicle data excludes business conducted through non-consolidated joint ventures. Content per vehicle data for 2016 has been updated to reflect actual production levels.

(10) "North American vehicle production" includes car and light truck production in the United States, Canada and Mexico based on IHS Automotive. Production data for 2016 has been updated to reflect actual production levels.

(11) "European content per vehicle" is our net sales in Europe and Africa divided by total European and African vehicle production. Content per vehicle data excludes business conducted through non-consolidated joint ventures. Content per vehicle data for 2016 has been updated to reflect actual production levels.

(12) "European vehicle production" includes car and light truck production in Austria, Belarus, Belgium, Bosnia, Bulgaria, Czech Republic, Finland, France, Germany, Hungary, Italy, Morocco, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, South Africa, Spain, Sweden, Turkey, Ukraine and the United Kingdom based on IHS Automotive. Production data for 2016 has been updated to reflect actual production levels.

ITEM 7 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

We are a leading Tier 1 supplier to the global automotive industry. We supply seating, electrical distribution systems and electronic modules, as well as related sub-systems, components and software, to all of the world's major automotive manufacturers.

We use our product, design and technological expertise, global reach and competitive manufacturing footprint to achieve our financial goals and objectives of continuing to deliver profitable growth (balancing risks and returns), maintaining a strong balance sheet with investment grade credit metrics and consistently returning excess cash to our stockholders.

Our Seating business consists of the design, development, engineering, just-in-time assembly and delivery of complete seat systems, as well as the design, development, engineering and manufacture of all major seat components, including seat covers and surface materials such as leather and fabric, seat structures and mechanisms, seat foam and headrests. Further, we have capabilities in active sensing and comfort for seats, utilizing electronically controlled sensor and adjustment systems and internally developed algorithms.

Our E-Systems business consists of the design, development, engineering and manufacture of complete electrical distribution systems that route electrical signals and manage electrical power within the vehicle for traditional vehicle architectures, as well as high power and hybrid electric systems. Key components in the electrical distribution system include wire harnesses, terminals and connectors and junction boxes, including components and systems for high power battery electric vehicle and hybrid electric vehicle power management and distribution systems. We also design, develop, engineer and manufacture sophisticated electronic control modules that facilitate signal, data and power management within the vehicle, as well as associated software. We have electronic hardware and software capabilities in wireless communication and cybersecurity that securely process various signals to, from and within the vehicle, as well as capabilities to provide roadside modules that communicate real-time traffic information to vehicles in the area.

We serve all of the world's major automotive manufacturers across both our Seating and E-Systems businesses, and we have automotive content on more than 400 vehicle nameplates worldwide. It is common to have both seating and electrical content on the same and multiple vehicle platforms with a single customer. Our businesses benefit globally from leveraging common operating standards and disciplines, including world-class product development and manufacturing processes, as well as common customer support and regional infrastructures. Our core capabilities are shared across component categories and include high-precision manufacturing and assembly with short lead times, management of complex supply chains, global engineering and program management skills, the agility to establish and/or move facilities quickly and a unique customer-focused culture. Our businesses utilize proprietary, industry-specific processes and standards, leverage common low-cost engineering centers and share centralized operating support functions, such as logistics, supply chain management, quality and health and safety, as well as all major administrative functions.

Industry Overview

Our sales are driven by the number of vehicles produced by the automotive manufacturers, which is ultimately dependent on consumer demand for automotive vehicles, and our content per vehicle. Global automotive industry production volumes in 2017, as compared to 2016, are shown below (in millions of units):

	2017	2016	% Change
North America	17.1	17.8	(4)%
Europe and Africa	22.9	22.3	3 %
Asia	48.2	47.1	3 %
South America	3.1	2.6	21 %
Other	2.0	1.6	21 %
Global light vehicle production	93.3	91.4	2 %

Automotive sales and production can be affected by the age of the vehicle fleet and related scrappage rates, labor relations issues, fuel prices, regulatory requirements, government initiatives, trade agreements, the availability and cost of credit, the availability of critical components needed to complete the production of vehicles, restructuring actions of our customers and suppliers, facility closures, changing consumer attitudes toward vehicle ownership and usage and other factors. Our operating results are also significantly impacted by the overall commercial success of the vehicle platforms for which we supply particular products, as well as the profitability of the products that we supply for these platforms. The loss of business with respect to any vehicle model for which we are a significant supplier, or a decrease in the production levels of any such models,

could adversely affect our operating results. In addition, larger cars and light trucks, as well as vehicle platforms that offer more features and functionality, such as luxury, sport utility and crossover vehicles, typically have more content and, therefore, tend to have a more significant impact on our operating results.

Our percentage of consolidated net sales by region in 2017 and 2016 is shown below:

	2017	2016
North America	38%	40%
Europe and Africa	40%	38%
Asia	19%	19%
South America	3%	3%
Total	100%	100%

Our ability to reduce the risks inherent in certain concentrations of business, and thereby maintain our financial performance in the future, will depend, in part, on our ability to continue to diversify our sales on a customer, product, platform and geographic basis to reflect the market overall.

Key trends that specifically affect our business include automotive manufacturers' utilization of global vehicle platforms, increasing demand for luxury and performance features, including increasing levels of electrical and electronic content, and China's emergence as the single largest major automotive market in the world. In addition, three trends have broadly emerged as major drivers of change and growth in the automotive industry: efficiency, connectivity and safety. These trends are rapidly evolving and advancing into the technology trends of electrification, connectivity and autonomy / advanced driver assistance, which are likely to be at the forefront of our industry for the foreseeable future with each converging long-term toward fully autonomous, connected, electric or hybrid electric vehicles.

Our sales and marketing approach is based on addressing these trends, while our strategy focuses on the major imperatives for success as an automotive supplier: quality, service, cost and efficiency and innovation and technology. We have expanded key component and software capabilities through organic investment and acquisitions to ensure a full complement of the highest quality solutions for our customers. We have restructured, and continue to align, our manufacturing and engineering footprint to attain a leading competitive position globally. We have established or expanded our capabilities in new and growing markets, especially China, in support of our customers' growth and global platform initiatives. These initiatives have helped us achieve our financial goals overall, as well as a more balanced regional, customer and vehicle segment diversification in our business. For further information related to these trends and our strategy, see Part 1 — Item 1, "Business — Industry and Strategy."

Our customers typically require us to reduce our prices over the life of a vehicle model and, at the same time, assume significant responsibility for the design, development and engineering of our products. Our financial performance is largely dependent on our ability to achieve product cost reductions through product design enhancement and supply chain management, as well as manufacturing efficiencies and restructuring actions. We also seek to enhance our financial performance by investing in product development, design capabilities and new product initiatives that respond to the needs of our customers and consumers. We continually evaluate operational and strategic alternatives to improve our business structure and align our business with the changing needs of our customers and major industry trends affecting our business.

Our material cost as a percentage of net sales was 64.5% in 2017, as compared to 64.8% in 2016 and 66.6% in 2015. Raw material, energy and commodity costs can be volatile. We have developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, such as the selective in-sourcing of components, the continued consolidation of our supply base, longer-term purchase commitments and the selective expansion of low-cost country sourcing and engineering, as well as value engineering and product benchmarking. However, these strategies, together with commercial negotiations with our customers and suppliers, typically offset only a portion of the adverse impact. Certain of these strategies also may limit our opportunities in a declining commodity environment. In addition, the availability of raw materials, commodities and product components fluctuates from time to time due to factors outside of our control. If these costs increase or availability is restricted, it could have an adverse impact on our operating results in the foreseeable future. See Part I — Item 1A, "Risk Factors — Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect our financial performance," and "— Forward-Looking Statements."

Financial Measures

In evaluating our financial condition and operating performance, we focus primarily on earnings, operating margins, cash flows and return on invested capital. In addition to maintaining and expanding our business with our existing customers in our more established markets, our expansion plans are focused primarily on emerging markets. Asia, and China in particular, continues to present significant growth opportunities, as major global automotive manufacturers implement production expansion plans and local automotive manufacturers aggressively expand their operations to meet increasing demand in this region. We currently

have fourteen operating joint ventures with operations in Asia, as well as an additional joint venture in North America dedicated to serving Asian automotive manufacturers. We also have aggressively pursued this strategy by selectively increasing our vertical integration capabilities globally, as well as expanding our component manufacturing capacity in Asia, Brazil, Eastern Europe, Mexico and Northern Africa. Furthermore, we have expanded our low-cost engineering capabilities in India and the Philippines.

Our success in generating cash flow will depend, in part, on our ability to manage working capital effectively. Working capital can be significantly impacted by the timing of cash flows from sales and purchases. Historically, we generally have been successful in aligning our vendor payment terms with our customer payment terms. However, our ability to continue to do so may be impacted by adverse automotive industry conditions, changes to our customers' payment terms and the financial condition of our suppliers, as well as our financial condition. In addition, our cash flow is impacted by our ability to manage our inventory and capital spending effectively. We utilize return on invested capital as a measure of the efficiency with which our assets generate earnings. Improvements in our return on invested capital will depend on our ability to maintain an appropriate asset base for our business and to increase productivity and operating efficiency.

Acquisitions

Antolin Seating

On April 28, 2017, we completed the acquisition of Grupo Antolin's automotive seating business ("Antolin Seating") for $292 million, net of cash acquired. Antolin Seating is headquartered in France with operations in five countries in Europe and North Africa. The Antolin Seating business is comprised of just-in-time seat assembly, as well as seat structures, mechanisms and seat covers.

For further information, see Note 3, "Acquisitions," to the consolidated financial statements included in this Report.

Subsequent Event

On January 10, 2018, we completed the acquisition of Israel-based EXO Technologies, a leading developer of differentiated GPS technology providing high-accuracy positioning solutions for autonomous and connected vehicle applications.

Operational Restructuring

In 2017, we incurred pretax restructuring costs of approximately $73 million and related manufacturing inefficiency charges of approximately $2 million. Any future restructuring actions will depend upon market conditions, customer actions and other factors.

For further information, see Note 4, "Restructuring," to the consolidated financial statements included in this Report.

Financing Transactions

Senior Notes

In August 2017, we issued $750 million in aggregate principal amount at maturity of senior unsecured notes due 2027 (the "2027 Notes") at a stated coupon rate of 3.8%. The 2027 Notes were priced at 99.294% of par, resulting in a yield to maturity of 3.885%. The proceeds from the offering of $745 million, after original issue discount, were used to redeem the $500 million in aggregate principal amount of senior unsecured notes due 2023 (the "2023 Notes") at a redemption price equal to 100% of the aggregate principal amount thereof, plus a "make-whole" premium of $17 million, as well as to refinance a portion of our $500 million prior term loan facility (see "— Credit Agreement" below). In connection with these transactions, we recognized a loss of $21 million on the extinguishment of debt and paid related issuance costs of $6 million.

For further information, see "— Liquidity and Financial Condition — Capitalization — Senior Notes" and Note 6, "Debt," to the consolidated financial statements included in this Report.

Credit Agreement

In August 2017, we entered into a new unsecured credit agreement (the "Credit Agreement") consisting of a $1.75 billion revolving credit facility (the "Revolving Credit Facility") and a $250 million term loan facility (the "Term Loan Facility"), both of which mature on August 8, 2022. In connection with this transaction, we borrowed $250 million under the Term Loan Facility and paid related issuance costs of $6 million. At the same time, we terminated our previously existing credit agreement, which consisted of a $1.25 billion revolving credit facility and a $500 million term loan facility, and repaid amounts outstanding under the term loan facility of $453 million. Together with the offering of the 2027 Notes, these transactions extended our maturity profile and increased our operational flexibility and borrowing capacity.

For further information, see "— Liquidity and Financial Condition — Capitalization — Credit Agreement" and Note 6, "Debt," to the consolidated financial statements included in this Report.

Share Repurchase Program and Quarterly Cash Dividends

Since the first quarter of 2011, our Board of Directors has authorized $4.1 billion in share repurchases under our common stock share repurchase program. In 2017, we completed $454 million of share repurchases and have a remaining repurchase authorization of $546 million, which will expire on December 31, 2019.

In 2017, our Board of Directors declared a quarterly cash dividend of $0.50 per share of common stock.

For further information regarding our common stock share repurchase program and our quarterly dividends, see Item 5, "Market for the Company’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities," "— Liquidity and Financial Condition — Capitalization" and Note 9, "Capital Stock, Accumulated Other Comprehensive Loss and Equity," to the consolidated financial statements included in this Report.

Other Matters

In 2017, we amended the joint venture agreement of Shanghai Lear STEC Automotive Parts Co., Ltd. ("Lear STEC") to eliminate the substantive participating rights of our joint venture partner. In conjunction with obtaining control of Lear STEC and the valuation of our prior equity investment in Lear STEC at fair value, we recognized a gain of approximately $54 million.

In 2017, we recognized a $15 million litigation charge, of which approximately $13 million is recorded in cost of sales and approximately $2 million is recorded in interest expense, related to an unfavorable ruling issued by a foreign court.

In 2017, we recognized tax expense of $131 million related to a one-time transition tax on accumulated foreign earnings and $43 million to reflect the new U.S. corporate tax rate and other tax reform changes to our deferred tax accounts, offset by tax benefits of $290 million related to foreign tax credits on repatriated earnings, $30 million related to the reversal of valuation allowances on the deferred tax assets of certain foreign subsidiaries, $17 million related to a change in the accounting for share-based compensation, $14 million related to an incentive tax credit in a foreign subsidiary, $8 million related to the redemption of the 2023 Notes and $30 million related to restructuring charges and various other items.

In 2016, we amended the joint venture agreement of Beijing BAI Lear Automotive Systems Co., Ltd. ("Beijing BAI") to eliminate the substantive participating rights of our joint venture partner. In conjunction with gaining control of Beijing BAI and the valuation of our prior equity investment in Beijing BAI at fair value, we recognized a gain of approximately $30 million.

In 2016, we recognized a $34 million non-cash settlement charge, of which approximately $20 million was recorded in cost of sales and approximately $14 million was recorded in selling, general and administrative expenses, in connection with our lump-sum payout to certain terminated vested plan participants of our U.S. defined benefit pension plans.

In 2016, we recognized net tax benefits of $24 million related to restructuring charges, a non-cash pension settlement charge and various other items.

In 2015, we recognized net tax benefits of $43 million related to restructuring charges, debt redemption costs, acquisition costs and various other items.

As discussed above, our results for the years ended December 31, 2017, 2016 and 2015, reflect the following items (in millions):

For the year ended December 31,	2017	2016	2015
Costs related to restructuring actions, including manufacturing inefficiencies of $2 million in 2017, $6 million in 2016 and $8 million in 2015	$ 75	$ 70	$ 97
Pension settlement charge	—	34	—
Acquisition and other related costs	4	1	11
Acquisition-related inventory fair value adjustment	5	—	16
Litigation	15	—	—
Losses on extinguishment of debt	21	—	14
(Gain) loss related to affiliate	(54)	(30)	2
Tax benefits, net	(215)	(24)	(43)

For further information regarding these items, see Note 3, "Acquisitions," Note 4, "Restructuring," Note 5, "Investments in Affiliates and Other Related Party Transactions," Note 6, "Debt," Note 7, "Income Taxes," and Note 8, "Pension and Other

Postretirement Benefit Plans," to the consolidated financial statements included in this Report. This section includes forward-looking statements that are subject to risks and uncertainties. For further information regarding these and other factors that have had, or may have in the future, a significant impact on our business, financial condition or results of operations, see Part I — Item 1A, "Risk Factors," and "— Forward-Looking Statements."

Results of Operations

A summary of our operating results in millions of dollars and as a percentage of net sales is shown below:

For the year ended December 31,	2017		2016		2015	
Net sales						
Seating	$ 15,873.0	77.6 %	$ 14,356.7	77.4 %	$ 14,098.5	77.4 %
E-Systems	4,594.0	22.4	4,200.9	22.6	4,112.9	22.6
Net sales	20,467.0	100.0	18,557.6	100.0	18,211.4	100.0
Cost of sales	18,175.9	88.8	16,455.5	88.7	16,391.6	90.0
Gross profit	2,291.1	11.2	2,102.1	11.3	1,819.8	10.0
Selling, general and administrative expenses	635.2	3.1	621.9	3.4	580.5	3.2
Amortization of intangible assets	47.6	0.2	53.0	0.3	52.5	0.3
Interest expense	85.7	0.4	82.5	0.4	86.7	0.3
Other (income) expense, net	(4.1)	—	6.4	—	68.6	0.4
Provision for income taxes	197.5	1.0	370.2	2.0	285.5	1.6
Equity in net income of affiliates	(51.7)	(0.2)	(72.4)	(0.4)	(49.8)	(0.3)
Net income attributable to noncontrolling interests	67.5	0.3	65.4	0.4	50.3	0.2
Net income attributable to Lear	$ 1,313.4	6.4 %	$ 975.1	5.3 %	$ 745.5	4.3 %

Year Ended December 31, 2017, Compared With Year Ended December 31, 2016

Net sales for the year ended December 31, 2017 were $20.5 billion, as compared to $18.6 billion for the year ended December 31, 2016, an increase of $1.9 billion or 10%. New business, primarily in North America, Europe and Asia, and the acquisition of Antolin Seating positively impacted net sales by $1.4 billion and $350 million, respectively.

(in millions)	Cost of Sales
2016	$ 16,455.5
Material cost	1,270.2
Labor and other	400.5
Depreciation	49.7
2017	$ 18,175.9

Cost of sales in 2017 was $18.2 billion, as compared to $16.5 billion in 2016. New business, primarily in North America, Europe and Asia, and the acquisition of Antolin Seating resulted in an increase in cost of sales of $1.6 billion.

Gross profit and gross margin were $2.3 billion and 11.2% of net sales in 2017, as compared to $2.1 billion and 11.3% of net sales in 2016. New business and the acquisition of Antolin Seating positively impacted gross profit by $194 million. The impact of favorable operating performance, including the benefit of operational restructuring actions, of $257 million was more than offset by the impact of selling price reductions. These factors had a corresponding impact on gross margin.

Selling, general and administrative expenses, including engineering and development expenses, were $635 million for the year ended December 31, 2017, as compared to $622 million for the year ended December 31, 2016. In 2017, we recognized higher restructuring costs, as well as higher engineering and development expenses to support future business growth. In 2016, we recognized a $14 million non-cash settlement charge in connection with our lump-sum payout to certain terminated vested plan participants of our U.S. defined benefit pension plans. As a percentage of net sales, selling, general and administrative expenses were 3.1% in 2017, as compared to 3.4% in 2016.

Amortization of intangible assets was $48 million in 2017, as compared to $53 million in 2016.

Interest expense was $86 million in 2017, as compared to $83 million in 2016.

Other (income) expense, net, which includes non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, losses on the extinguishment of debt, gains and losses on the disposal of fixed assets and other miscellaneous income and expense, was ($4) million in 2017, as compared to $6 million in 2016. In 2017, we recognized a gain of $54 million related to obtaining control of an affiliate and a loss of $21 million related to the extinguishment of debt. In 2016, we recognized a gain of $30 million related to obtaining control of an affiliate.

In 2017, the provision for income taxes was $198 million, representing an effective tax rate of 12.9% on pretax income before equity in net income of affiliates of $1.5 billion. In 2016, the provision for income taxes was $370 million, representing an effective tax rate of 27.7% on pretax income before equity in net income of affiliates of $1.3 billion, for the reasons described below.

In 2017 and 2016, the provision for income taxes was impacted by the level and mix of earnings among tax jurisdictions. In 2017, we recognized tax expense of $131 million related to a one-time transition tax on accumulated foreign earnings and $43 million to reflect the new U.S. corporate tax rate and other tax reform changes to our deferred tax accounts. In addition, we recognized tax benefits of $290 million related to foreign tax credits on repatriated earnings, $30 million related to the reversal of valuation allowances on the deferred tax assets of certain foreign subsidiaries, $17 million related to a change in the accounting for share-based compensation, $14 million related to an incentive tax credit in a foreign subsidiary, $8 million related to the redemption of the 2023 Notes and $30 million related to restructuring charges and various other items. In addition, we recognized a gain of $54 million related to obtaining control of an affiliate, for which no tax expense was provided. In 2016, we recognized net tax benefits of $24 million related to restructuring charges, a non-cash pension settlement charge and various other items. In addition, we recognized a gain of $30 million related to obtaining control of an affiliate, for which no tax expense was provided. Excluding these items, the effective tax rate in 2017 and 2016 approximated the U.S. federal statutory income tax rate of 35% adjusted for income taxes on foreign earnings, losses and remittances, valuation allowances, tax credits, income tax incentives and other permanent items.

For information related to our valuation allowances, see "Other Matters — Significant Accounting Policies and Critical Accounting Estimates — Income Taxes."

Equity in net income of affiliates was $52 million for the year ended December 31, 2017, as compared to $72 million for the year ended December 31, 2016, reflecting the consolidation of two of our affiliates.

Net income attributable to Lear was $1,313 million, or $18.59 per diluted share, in 2017, as compared to $975 million, or $13.33 per diluted share, in 2016. Net income and diluted net income per share increased for the reasons described above. In addition, diluted net income per share was impacted by the decrease in average shares outstanding between the periods.

Reportable Operating Segments

We have two reportable operating segments: Seating, which includes complete seat systems and all major seat components, including seat covers and surface materials such as leather and fabric, seat structures and mechanisms, seat foam and headrests, and E-Systems, which includes complete electrical distribution systems, electronic control modules and associated software and wireless communication modules. Key components in the electrical distribution system include wire harnesses, terminals and connectors and junction boxes, including components and systems for high power battery electric vehicle and hybrid electric vehicle power management and distribution systems.

The financial information presented below is for our two reportable operating segments and our other category for the periods presented. The other category includes unallocated costs related to corporate headquarters, regional headquarters and the elimination of intercompany activities, none of which meets the requirements for being classified as an operating segment. Corporate and regional headquarters costs include various support functions, such as information technology, corporate finance, legal, executive administration and human resources. Financial measures regarding each segment’s pretax income before equity in net income of affiliates, interest expense and other expense ("segment earnings") and segment earnings divided by net sales ("margin") are not measures of performance under accounting principles generally accepted in the United States ("GAAP"). Segment earnings and the related margin are used by management to evaluate the performance of our reportable operating segments. Segment earnings should not be considered in isolation or as a substitute for net income attributable to Lear, net cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as measures of profitability or liquidity. In addition, segment earnings, as we determine it, may not be comparable to related or similarly titled measures reported by other companies. For a reconciliation of consolidated segment earnings to consolidated income before provision for income taxes and equity in net income of affiliates, see Note 12, "Segment Reporting," to the consolidated financial statements included in this Report.

Seating –

A summary of financial measures for our Seating segment is shown below (dollar amounts in millions):

For the year ended December 31,	2017	2016
Net sales	$ 15,873.0	$ 14,356.7
Segment earnings (1)	1,250.8	1,136.0
Margin	7.9%	7.9%

(1) See definition above.

Seating net sales were $15.9 billion for the year ended December 31, 2017, as compared to $14.4 billion for the year ended December 31, 2016, an increase of $1.5 billion or 11%. New business and the acquisition of Antolin Seating positively impacted net sales by $1.2 billion and $350 million, respectively.

Segment earnings, including restructuring costs, and the related margin on net sales were $1.3 billion and 7.9% in 2017, as compared to $1.1 billion and 7.9% in 2016. New business and the acquisition of Antolin Seating positively impacted segment earnings by $152 million. The impact of favorable operating performance, including the benefit of operational restructuring actions, of $202 million was offset by the impact of selling price reductions.

E-Systems –

A summary of financial measures for our E-Systems segment is shown below (dollar amounts in millions):

For the year ended December 31,	2017	2016
Net sales	$ 4,594.0	$ 4,200.9
Segment earnings (1)	641.6	591.3
Margin	14.0%	14.1%

(1) See definition above.

E-Systems net sales were $4.6 billion for the year ended December 31, 2017, as compared to $4.2 billion for the year ended December 31, 2016, an increase of $393 million or 9%. New business, sales as a result of obtaining control of an affiliate and higher volumes on key Lear platforms positively impacted net sales by $210 million, $116 million and $45 million, respectively.

Segment earnings, including restructuring costs, and the related margin on net sales were $642 million and 14.0% in 2017, as compared to $591 million and 14.1% in 2016. New business, earnings as a result of obtaining control of an affiliate and higher production volumes on key Lear platforms positively impacted segment earnings by $56 million. The impact of improved operating performance of $77 million was more than offset by the impact of selling price reductions.

Other –

A summary of financial measures for our other category, which is not an operating segment, is shown below (dollar amounts in millions):

For the year ended December 31,	2017	2016
Net sales	$ —	$ —
Segment earnings (1)	(284.1)	(300.1)
Margin	N/A	N/A

(1) See definition above.

Segment earnings related to our other category were ($284) million in 2017, as compared to ($300) million in 2016. In 2016, we recognized a $34 million non-cash settlement charge in connection with our lump-sum payout to certain terminated vested plan participants of our U.S. defined benefit pension plans.

Year Ended December 31, 2016, Compared With Year Ended December 31, 2015

Net sales for the year ended December 31, 2016 were $18.6 billion, as compared to $18.2 billion for the year ended December 31, 2015, an increase of $346 million or 2%. New business in Asia, Europe and South America and higher

production volumes on key Lear platforms in Europe and Asia positively impacted net sales by $845 million and $139 million, respectively. These increases were partially offset by net foreign exchange rate fluctuations related to the strengthening of the U.S. dollar against most major currencies and selling price reductions, which reduced net sales by $602 million.

(in millions)		Cost of Sales
2015	$	16,391.6
Material cost		(91.4)
Labor and other		128
Depreciation		27.3
2016	$	16,455.5

Cost of sales in 2016 was $16.5 billion, as compared to $16.4 billion in 2015. New business in Asia, Europe and South America and higher production volumes on key Lear platforms in Europe and Asia resulted in an increase in cost of sales of $810 million. These increases were partially offset by favorable operating performance and the benefit of operational restructuring actions and net foreign exchange rate fluctuations related to the strengthening of the U.S. dollar against most major currencies, which reduced cost of sales by $703 million.

Gross profit and gross margin were $2.1 billion and 11.3% of net sales in 2016, as compared to $1.8 billion and 10.0% of net sales in 2015. New business and higher production volumes on key Lear platforms positively impacted gross profit by $148 million. The impact of favorable operating performance and the benefit of operational restructuring actions of $412 million more than offset the impact of selling price reductions and net foreign exchange rate fluctuations of $300 million. These factors had a corresponding impact on gross margin.

Selling, general and administrative expenses, including engineering and development expenses, were $622 million for the year ended December 31, 2016, as compared to $581 million for the year ended December 31, 2015, reflecting an increase in engineering and development expenses to support future business growth, as well as a $14 million non-cash settlement charge in connection with our lump-sum payout to certain terminated vested plan participants of our U.S. defined benefit pension plans. As a percentage of net sales, selling, general and administrative expenses were 3.4% in 2016, as compared to 3.2% in 2015.

Amortization of intangible assets was $53 million in 2016 and 2015.

Interest expense was $83 million in 2016, as compared to $87 million in 2015.

Other (income) expense, net, which includes non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, gains and losses on the extinguishment of debt, gains and losses on the disposal of fixed assets and other miscellaneous income and expense, was $6 million in 2016, as compared to $69 million in 2015. In 2016, we recognized a gain of $30 million related to obtaining control of an affiliate. In 2015, we recognized a loss of $14 million related to the redemption of the remaining outstanding aggregate principal amount of our 8.125% senior unsecured notes due 2020. Net foreign exchange losses decreased to $10 million in 2016, as compared to $23 million in 2015.

In 2016, the provision for income taxes was $370 million, representing an effective tax rate of 27.7% on pretax income before equity in net income of affiliates of $1,338 million. In 2015, the provision for income taxes was $286 million, representing an effective tax rate of 27.7% on pretax income before equity in net income of affiliates of $1,032 million.

In 2016 and 2015, the provision for income taxes was impacted by the level and mix of earnings among tax jurisdictions. The provision was also impacted by a portion of our restructuring charges and other expenses, for which no tax benefit was provided as the charges were incurred in certain countries for which no tax benefit is likely to be realized due to a history of operating losses in those countries. In 2016, we recognized a gain of $30 million related to obtaining control of an affiliate, for which no tax expense was provided. In addition, we recognized net tax benefits of $24 million related to restructuring charges, a non-cash pension settlement charge and various other items. In 2015, we recognized net tax benefits of $43 million related to restructuring charges, debt redemption costs, acquisition costs and various other items. Excluding these items, the effective tax rate in 2016 and 2015 approximated the U.S. federal statutory income tax rate of 35% adjusted for income taxes on foreign earnings, losses and remittances, valuation allowances, tax credits, income tax incentives and other permanent items.

For information related to our valuation allowances, see "Other Matters — Significant Accounting Policies and Critical Accounting Estimates — Income Taxes."

Equity in net income of affiliates was $72 million for the year ended December 31, 2016, as compared to $50 million for the year ended December 31, 2015, reflecting the increase in sales and improved operating performance of our equity affiliates in China.

Net income attributable to Lear was $975 million, or $13.33 per diluted share, in 2016, as compared to $746 million, or $9.59 per diluted share, in 2015. Net income and diluted net income per share increased for the reasons described above. In addition, diluted net income per share was impacted by the decrease in average shares outstanding between the periods.

Reportable Operating Segments

For a description of our reportable operating segments, see "Year Ended December 31, 2017, Compared with Year Ended December 31, 2016 — Reportable Operating Segments" above.

Seating –

A summary of financial measures for our Seating segment is shown below (dollar amounts in millions):

For the year ended December 31,	2016	2015
Net sales	$ 14,356.7	$ 14,098.5
Segment earnings [(1)]	1,136.0	907.0
Margin	7.9%	6.4%

(1) See definition above.

Seating net sales were $14.4 billion for the year ended December 31, 2016, as compared to $14.1 billion for the year ended December 31, 2015, an increase of $258 million or 2%. New business positively impacted net sales by $656 million. This increase was partially offset by net foreign exchange rate fluctuations and selling price reductions, which negatively impacted net sales by $427 million.

Segment earnings, including restructuring costs, and the related margin on net sales were $1,136 million and 7.9% in 2016, as compared to $907 million and 6.4% in 2015. New business and lower restructuring costs positively impacted segment earnings by $122 million. The impact of favorable operating performance and the benefit of operational restructuring actions of $261 million more than offset the impact of selling price reductions and net foreign exchange rate fluctuations.

E-Systems –

A summary of financial measures for our E-Systems segment is shown below (dollar amounts in millions):

For the year ended December 31,	2016	2015
Net sales	$ 4,200.9	$ 4,112.9
Segment earnings [(1)]	591.3	554.4
Margin	14.1%	13.5%

(1) See definition above.

E-Systems net sales were $4.2 billion for the year ended December 31, 2016, as compared to $4.1 billion for the year ended December 31, 2015, an increase of $88 million or 2%. New business and higher production volumes on key Lear platforms positively impacted net sales by $179 million and $71 million, respectively. These increases were partially offset by selling price reductions and net foreign exchange rate fluctuations, which negatively impacted net sales by $175 million.

Segment earnings, including restructuring costs, and the related margin on net sales were $591 million and 14.1% in 2016, as compared to $554 million and 13.5% in 2015. New business and higher production volumes on key Lear platforms positively impacted segment earnings by $52 million. The impact of improved operating performance of $111 million was offset by the impact of selling price reductions and net foreign exchange rate fluctuations.

Other –

A summary of financial measures for our other category, which is not an operating segment, is shown below (dollar amounts in millions):

For the year ended December 31,	2016	2015
Net sales	$ —	$ —
Segment earnings [(1)]	(300.1)	(274.6)
Margin	N/A	N/A

(1) See definition above.

Segment earnings related to our other category were ($300) million in 2016, as compared to ($275) million in 2015. In 2016, we recognized a $34 million non-cash settlement charge in connection with our lump-sum payout to certain terminated vested plan participants of our U.S. defined benefit pension plans.

Liquidity and Financial Condition

Our primary liquidity needs are to fund general business requirements, including working capital requirements, capital expenditures, operational restructuring actions and debt service requirements. In addition, we expect to continue to pay quarterly dividends and repurchase shares of our common stock pursuant to our authorized common stock share repurchase program (see Item 5, "Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities"). Our principal sources of liquidity are cash flows from operating activities, borrowings under available credit facilities and our existing cash balance. A substantial portion of our operating income is generated by our subsidiaries. As a result, we are dependent on the earnings and cash flows of and the combination of dividends, royalties, intercompany loan repayments and other distributions and advances from our subsidiaries to provide the funds necessary to meet our obligations.

As of December 31, 2017 and 2016, cash and cash equivalents of $952 million and $767 million, respectively, were held in foreign subsidiaries and can be repatriated, primarily through the repayment of intercompany loans and the payment of dividends, without creating additional income tax expense. There are no significant restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Lear. For further information regarding potential dividends from our non-U.S. subsidiaries, see "— Adequacy of Liquidity Sources," below and Note 7, "Income Taxes," to the consolidated financial statements included in this Report.

Cash Flows

Year Ended December 31, 2017, Compared with Year Ended December 31, 2016

A summary of net cash provided by operating activities is shown below (in millions):

For the year ended December 31,	2017	2016	Incremental Increase (Decrease) in Operating Cash Flow
Consolidated net income and depreciation and amortization	$ 1,809	$ 1,419	$ 390
Net change in working capital items:			
Accounts receivable	(115)	(176)	61
Inventory	(76)	(54)	(22)
Accounts payable	195	158	37
Accrued liabilities and other	68	160	(92)
Net change in working capital items	72	88	(16)
Other	(98)	112	(210)
Net cash provided by operating activities	$ 1,783	$ 1,619	$ 164

In 2017, increases in accounts receivable, inventories and accounts payable primarily reflect higher working capital to support the increase in our sales. In 2017, changes in accrued liabilities and other primarily reflect the timing of payment of accrued liabilities. Other includes our deferred tax (benefit) provision, which was ($81) million in 2017, as compared to $104 million in 2016, resulting in a decrease in operating cash flows of $185 million between years.

Net cash used in investing activities was $869 million in 2017, as compared to $637 million in 2016. In 2017, we paid $292 million for the acquisition of Antolin Seating. In 2016, we paid $149 million for the acquisition of AccuMED Holdings Corp. ("AccuMED"). Capital spending in 2018 is estimated at $630 million.

Net cash used in financing activities was $742 million in 2017, as compared to $873 million in 2016. In 2017, we received net proceeds of $745 million related to the issuance of the 2027 Notes, paid $517 million related to the redemption of the outstanding 2023 Notes and repaid a net of $203 million in connection with the refinancing of the Credit Agreement (see "— Credit Agreement" and "— Senior Notes" below). Also in 2017, we paid $451 million for repurchases of our common stock, $138 million of dividends to Lear stockholders and $82 million of dividends to noncontrolling interest holders. In 2016, we paid $659 million for repurchases of our common stock, $89 million of dividends to Lear stockholders and $33 million of dividends to noncontrolling interest holders.

For further information regarding our 2017 and 2016 financing transactions, see "— Capitalization" below and Note 6, "Debt," and Note 9, "Capital Stock, Accumulated Other Comprehensive Loss and Equity," to the consolidated financial statements included in this Report.

Year Ended December 31, 2016, Compared with Year Ended December 31, 2015

A summary of net cash provided by operating activities is shown below (in millions):

For the year ended December 31,	2016	2015	Incremental Increase (Decrease) in Operating Cash Flow
Consolidated net income and depreciation and amortization	$ 1,419	$ 1,144	$ 275
Net change in working capital items:			
Accounts receivable	(176)	(173)	(3)
Inventory	(54)	4	(58)
Accounts payable	158	76	82
Accrued liabilities and other	160	151	9
Net change in working capital items	88	58	30
Other	112	69	43
Net cash provided by operating activities	$ 1,619	$ 1,271	$ 348

In 2016, increases in accounts receivable, inventories and accounts payable primarily reflect higher working capital to support the increase in our sales. In 2016, changes in accrued liabilities and other primarily reflect the timing of payment of accrued liabilities.

Net cash used in investing activities was $637 million in 2016, as compared to $965 million in 2015. In 2016, we paid $149 million for the acquisition of AccuMED. In 2015, we paid $465 million for the acquisition of Everett Smith Group Ltd., the parent of Eagle Ottawa, LLC ("Eagle Ottawa").

Net cash used in financing activities was $873 million in 2016, as compared to $156 million in 2015. In 2016 and 2015, we paid $659 million and $487 million, respectively, for repurchases of our common stock. In 2015, we borrowed $500 million under our prior term loan facility (see "— Credit Agreement" below) to finance, in part, the acquisition of Eagle Ottawa.

For further information regarding our 2016 and 2015 financing transactions, see "— Capitalization" below and Note 6, "Debt," and Note 9, "Capital Stock, Equity and Accumulated Other Comprehensive Loss," to the consolidated financial statements included in this Report.

Capitalization

From time to time, we utilize committed and uncommitted credit facilities to fund our capital expenditures and working capital requirements at certain of our foreign subsidiaries, in addition to cash provided by operating activities. As of December 31, 2017, we had no short-term debt balances outstanding. As of December 31, 2016, our short-term debt balance was $9 million. The availability of uncommitted lines of credit may be affected by our financial performance, credit ratings and other factors.

Senior Notes

As of December 31, 2017, our senior notes (collectively, the "Notes") consist of the amounts shown below (in millions, except stated coupon rates):

Note	Aggregate Principal Amount at Maturity	Stated Coupon Rate
Senior unsecured notes due 2024 (the "2024 Notes")	$ 325	5.375%
Senior unsecured notes due 2025 (the "2025 Notes")	650	5.25%
Senior unsecured notes due 2027 (the "2027 Notes")	750	3.8%
	$ 1,725	

The issue, maturity and interest payable dates of the Notes are shown below:

Note	Issuance Date	Maturity Date	Interest Payable Dates
2024 Notes	March 2014	March 15, 2024	March 15 and September 15
2025 Notes	November 2014	January 15, 2025	January 15 and July 15
2027 Notes	August 2017	September 15, 2027	March 15 and September 15

The 2027 Notes were priced at 99.294% of par, resulting in a yield to maturity of 3.885%. The proceeds from the offering of $745 million, after original issue discount, were used to redeem the outstanding $500 million in aggregate principal amount of the 2023 Notes at a redemption price equal to 100% of the aggregate principal amount thereof, plus a "make-whole" premium of $17 million, as well as to refinance a portion of our $500 million prior term loan facility (see "— Credit Agreement" below). In connection with these transactions, we recognized a loss of $21 million on the extinguishment of debt and paid related issuance costs of $6 million.

The Notes are senior unsecured obligations. As discussed further in "— Credit Agreement" below, upon termination of our prior credit agreement, the subsidiaries that previously guaranteed the 2024 Notes and 2025 Notes were automatically released as guarantors. There are currently no guarantors of our obligations under the Notes.

The indentures governing the Notes contain certain restrictive covenants and customary events of default. As of December 31, 2017, we were in compliance with all covenants under the indentures governing the Notes.

For further information related to the Notes, including information on early redemption, covenants and events of default, see Note 6, "Debt," to the consolidated financial statements included in this Report and the indentures governing the Notes which have been incorporated by reference as exhibits to this Report.

Credit Agreement

In August 2017, we entered into a new Credit Agreement consisting of a $1.75 billion Revolving Credit Facility and a $250 Term Loan Facility, both of which mature on August 8, 2022. In connection with this transaction, we borrowed $250 million under the Term Loan Facility. At the same time, we terminated our previously existing credit agreement, which consisted of a $1.25 billion revolving credit facility and a $500 million term loan facility, and repaid amounts outstanding under the term loan facility of $453 million. Together with the offering of the 2027 Notes, these transactions extended our maturity profile and increased our operational flexibility and borrowing capacity.

The Credit Agreement eliminated subsidiary guarantees required under our prior credit agreement. There are currently no guarantors of our obligations under the Credit Agreement.

As of December 31, 2017, we were in compliance with all covenants under the Credit Agreement.

For further information related to the Credit Agreement, including information on pricing, covenants and events of default, see Note 6, "Debt," to the consolidated financial statements included in this Report and the amended and restated credit agreement, which has been incorporated by reference as an exhibit to this Report.

Contractual Obligations

The scheduled maturities of the Notes, obligations under the Credit Agreement and the scheduled interest payments on the Notes as of the date of this Report are shown below (in millions). In addition, our lease commitments under non-cancelable operating leases as of December 31, 2017, are shown below (in millions):

	2018	2019	2020	2021	2022	Thereafter	Total
Senior notes	$ —	$ —	$ —	$ —	$ —	$ 1,725	$ 1,725
Credit agreement — term loan facility	6	8	14	14	206	—	248
Scheduled interest payments	83	80	80	80	80	254	657
Lease commitments	103	90	77	60	49	170	549
Total	$ 192	$ 178	$ 171	$ 154	$ 335	$ 2,149	$ 3,179

We enter into agreements with our customers to produce products at the beginning of a vehicle's life cycle. Although such agreements do not provide for a specified quantity of products, once we enter into such agreements, we are generally required to fulfill our customers' purchasing requirements for the production life of the vehicle. Prior to being formally awarded a program, we typically work closely with our customers in the early stages of the design and engineering of a vehicle's systems. Failure to complete the design and engineering work related to a vehicle's systems, or to fulfill a customer's contract, could have a material adverse impact on our business.

We also enter into agreements with suppliers to assist us in meeting our customers' production needs. These agreements vary as to duration and quantity commitments. Historically, most have been short-term agreements, which do not provide for minimum purchases, or are requirements-based contracts.

We may be required to make significant cash outlays related to our unrecognized tax benefits, including interest and penalties. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits, including interest and penalties, of $43 million as of December 31, 2017, have been excluded from the contractual obligations table above. For further information related to our unrecognized tax benefits, see Note 7, "Income Taxes," to the consolidated financial statements included in this Report.

We also have minimum funding requirements with respect to our pension obligation. We may elect to make contributions in excess of the minimum funding requirements in response to investment performance or changes in interest rates or when we believe that it is financially advantageous to do so and based on our other cash requirements. Our minimum funding requirements after 2018 will depend on several factors, including investment performance and interest rates. Our minimum funding requirements may also be affected by changes in applicable legal requirements. Our minimum required contributions to our domestic and foreign pension plans, including distributions to participants in certain of our non-qualified defined benefit plans, are expected to be approximately $10 million to $15 million in 2018. We also have payments due with respect to our postretirement benefit obligation. We do not fund our postretirement benefit obligation. Rather, payments are made as costs are incurred by covered retirees. We expect payments related to our postretirement benefit obligation to be approximately $6 million in 2018.

For further information related to our pension and other postretirement benefit plans, see "— Other Matters — Pension and Other Postretirement Defined Benefit Plans" and Note 8, "Pension and Other Postretirement Benefit Plans," to the consolidated financial statements included in this Report.

Accounts Receivable Factoring

One of our European subsidiaries has an uncommitted factoring agreement, which provides for aggregate purchases of specified customer accounts of up to €200 million. As of December 31, 2017, there were no factored receivables outstanding. We cannot provide any assurances that this factoring facility will be available or utilized in the future.

Common Stock Share Repurchase Program

See Item 5, "Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities."

Dividends

See Item 5, "Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities."

Adequacy of Liquidity Sources

As of December 31, 2017, we had approximately $1.5 billion of cash and cash equivalents on hand and $1.75 billion in available borrowing capacity under our Revolving Credit Facility. Together with cash provided by operating activities, we believe that this will enable us to meet our liquidity needs to satisfy ordinary course business obligations. In addition, we expect to continue to pay quarterly dividends and repurchase shares of our common stock pursuant to our authorized common stock share repurchase program (see Item 5, "Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities"). Our future financial results and our ability to continue to meet our liquidity needs are subject to, and will be affected by, cash flows from operations, including the impact of restructuring activities, automotive industry conditions, the financial condition of our customers and suppliers and other related factors. Additionally, an economic downturn or reduction in production levels could negatively impact our financial condition. For further discussion of the risks and uncertainties affecting our cash flows from operations and our overall liquidity, see Part I — Item 1A, "Risk Factors," "— Executive Overview" above and "— Forward-Looking Statements" below.

Market Risk Sensitivity

In the normal course of business, we are exposed to market risks associated with fluctuations in foreign exchange rates, interest rates and commodity prices. We manage a portion of these risks through the use of derivative financial instruments in accordance with our policies. We enter into all hedging transactions for periods consistent with the underlying exposures. We do not enter into derivative instruments for trading purposes.

Foreign Exchange

Operating results may be impacted by our buying, selling and financing in currencies other than the functional currency of our operating companies ("transactional exposure"). We may mitigate a portion of this risk by entering into forward foreign exchange, futures and option contracts. The foreign exchange contracts are executed with banks that we believe are creditworthy. Gains and losses related to foreign exchange contracts are deferred where appropriate and included in the measurement of the foreign currency transaction subject to the hedge. Gains and losses incurred related to foreign exchange contracts are generally offset by the direct effects of currency movements on the underlying transactions.

A summary of the notional amount and estimated aggregate fair value of our outstanding foreign exchange contracts is shown below (in millions):

December 31	2017	2016
Notional amount (contract maturities < 24 months)	$ 2,220	$ 1,956
Fair value	(23)	(54)

Currently, our most significant foreign currency transactional exposures relate to the Mexican peso, various European currencies, the Thai baht, the Chinese renminbi, the Brazilian real, the Japanese yen and the Canadian dollar. We have performed a sensitivity analysis of our net transactional exposure, as shown below (in millions):

		Potential Earnings Benefit (Adverse Earnings Impact)	
December 31	Hypothetical Strengthening % (1)	2017	2016
U.S. dollar	10%	$ (19)	$ (19)
Euro	10%	25	16

(1) Relative to all other currencies to which it is exposed for a twelve-month period

We have performed a sensitivity analysis related to the aggregate fair value of our outstanding foreign exchange contracts, as shown below (in millions):

		Estimated Change in Fair Value	
December 31	Hypothetical Change % (2)	2017	2016
U.S. dollar	10%	$ 23	$ 50
Euro	10%	76	35

(2) Relative to all other currencies to which it is exposed

There are certain shortcomings inherent in the sensitivity analyses above. The analyses assume that all currencies would uniformly strengthen or weaken relative to the U.S. dollar or Euro. In reality, some currencies may strengthen while others may weaken, causing the earnings impact to increase or decrease depending on the currency and the direction of the rate movement.

In addition to the transactional exposure described above, our operating results are impacted by the translation of our foreign operating income into U.S. dollars ("translational exposure"). In 2017, net sales outside of the United States accounted for 81% of our consolidated net sales, although certain non-U.S. sales are U.S. dollar denominated. We do not enter into foreign exchange contracts to mitigate our translational exposure.

Commodity Prices

Raw material, energy and commodity costs can be volatile. We have developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, such as the selective in-sourcing of components, the continued consolidation of our supply base, longer-term purchase commitments and the selective expansion of low-cost country sourcing and engineering, as well as value engineering and product benchmarking. However, these strategies, together with commercial negotiations with our customers and suppliers, typically offset only a portion of the adverse impact. Certain of these strategies also may limit our opportunities in a declining commodity cost environment. If these costs increase, it could have an adverse impact on our operating results in the foreseeable future. See Part I — Item 1A, "Risk Factors — Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect our financial performance," and "— Forward-Looking Statements."

We have commodity price risk with respect to purchases of certain raw materials, including steel, copper, diesel fuel, chemicals, resins and leather. Our main cost exposures relate to steel, copper and leather. The majority of the steel used in our products is comprised of fabricated components that are integrated into a seat system, such as seat frames, recliner mechanisms, seat tracks and other mechanical components. Therefore, our exposure to changes in steel prices is primarily indirect, through these purchased components. Approximately 89% of our copper purchases and a significant portion of our leather purchases are subject to price index agreements with our customers.

For further information related to the financial instruments described above, see Note 13, "Financial Instruments," to the consolidated financial statements included in this Report.

Other Matters

Legal and Environmental Matters

We are involved from time to time in various legal proceedings and claims, including, without limitation, commercial and contractual disputes, product liability claims and environmental and other matters. As of December 31, 2017, we had recorded reserves for pending legal disputes, including commercial disputes and other matters, of $26 million. In addition, as of December 31, 2017, we had recorded reserves for product liability claims and environmental matters of $47 million and $9 million, respectively. Although these reserves were determined in accordance with GAAP, the ultimate outcomes of these matters are inherently uncertain, and actual results may differ significantly from current estimates. For a description of risks related to various legal proceedings and claims, see Part I — Item 1A, "Risk Factors." For a more complete description of our outstanding material legal proceedings, see Note 11, "Commitments and Contingencies," to the consolidated financial statements included in this Report.

Significant Accounting Policies and Critical Accounting Estimates

Our significant accounting policies are more fully described in Note 2, "Summary of Significant Accounting Policies," to the consolidated financial statements included in this Report. Certain of our accounting policies require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on our historical experience, the terms of existing contracts, our evaluation of trends in the industry, information provided by our customers and suppliers and information available from other outside sources, as appropriate. However, these estimates and assumptions are subject to an inherent degree of uncertainty. As a result, actual results in these areas may differ significantly from our estimates.

We consider an accounting estimate to be critical if it requires us to make assumptions about matters that were uncertain at the time the estimate was made and changes in the estimate would have had a significant impact on our consolidated financial position or results of operations.

Pre-Production Costs Related to Long-Term Supply Agreements

We incur pre-production engineering and development ("E&D") and tooling costs related to the products produced for our customers under long-term supply agreements. We expense all pre-production E&D costs for which reimbursement is not contractually guaranteed by the customer. In addition, we expense all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer or for which we do not have a non-cancelable right to use the tooling.

A change in the commercial arrangements affecting any of our significant programs that would require us to expense E&D or tooling costs that we currently capitalize could have a material adverse impact on our operating results.

Impairment of Goodwill

As of December 31, 2017 and 2016, we had recorded goodwill of $1,401 million and $1,121 million, respectively. Goodwill is not amortized but is tested for impairment on at least an annual basis. Impairment testing is required more often than annually if an event or circumstance indicates that an impairment is more likely than not to have occurred. In conducting our annual impairment testing, we may first perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If not, no further goodwill impairment testing is performed. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if we elect not to perform a qualitative assessment of a reporting unit, we then compare the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. We conduct our annual impairment testing as of the first day of our fourth quarter.

We utilize an income approach to estimate the fair value of each of our reporting units and a market valuation approach to further support this analysis. The income approach is based on projected debt-free cash flow which is discounted to the present value using discount factors that consider the timing and risk of cash flows. We believe that this approach is appropriate because it provides a fair value estimate based upon the reporting unit's expected long-term operating cash flow performance. This approach also mitigates the impact of cyclical trends that occur in the industry. Fair value is estimated using recent automotive industry and specific platform production volume projections, which are based on both third-party and internally developed forecasts, as well as commercial and discount rate assumptions. The discount rate used is the value-weighted average of our estimated cost of equity and of debt ("cost of capital") derived using both known and estimated customary market metrics. Our weighted average cost of capital is adjusted by reporting unit to reflect a risk factor, if necessary. Other significant assumptions include terminal value growth rates, terminal value margin rates, future capital expenditures and changes in future working capital requirements. While there are inherent uncertainties related to the assumptions used and to management's application of these assumptions to this analysis, we believe that the income approach provides a reasonable estimate of the fair value of our reporting units. The market valuation approach is used to further support our analysis and is based on recent transactions involving comparable companies.

In 2017, we performed a qualitative assessment of our reporting units. The assessment was completed as of the first day of our fourth quarter. The assessment indicated that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying value. We do not believe that any of our reporting units is at risk for impairment.

Impairment of Long-Lived Assets

We monitor our long-lived assets for impairment indicators on an ongoing basis in accordance with GAAP. If impairment indicators exist, we perform the required impairment analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon either discounted cash flow analyses or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates. Changes in economic or operating conditions impacting these estimates and assumptions could result in the impairment of our long-lived assets.

For the years ended December 31, 2017, 2016 and 2015, we recognized fixed asset impairment charges of $1 million, $5 million and $4 million, respectively, in conjunction with our restructuring actions, as well as additional fixed asset impairment charges of $2 million, $1 million and $2 million, respectively. See Note 4, "Restructuring," to the consolidated financial statements included in this Report.

Impairment of Investments in Affiliates

As of December 31, 2017 and 2016, we had aggregate investments in affiliates of $147 million and $154 million, respectively. We monitor our investments in affiliates for indicators of other-than-temporary declines in value on an ongoing basis in accordance with GAAP. If we determine that an other-than-temporary decline in value has occurred, we recognize an

impairment loss, which is measured as the difference between the recorded book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values. A deterioration in industry conditions and decline in the operating results of our non-consolidated affiliates could result in the impairment of our investments.

Restructuring

Accruals have been recorded in conjunction with our restructuring actions. These accruals include estimates primarily related to facility consolidations and closures, employment reductions and contract termination costs. Actual costs may vary from these estimates. Restructuring-related accruals are reviewed on a quarterly basis, and changes to restructuring actions are appropriately recognized when identified.

Legal and Other Contingencies

We are involved from time to time in various legal proceedings and claims, including commercial or contractual disputes, product liability claims and environmental and other matters, that arise in the normal course of business. We routinely assess the likelihood of any adverse judgments or outcomes related to these matters, as well as ranges of probable losses, by consulting with internal personnel principally involved with such matters and with our outside legal counsel handling such matters. We have accrued for estimated losses in accordance with GAAP for those matters where we believe that the likelihood that a loss has occurred is probable and the amount of the loss is reasonably estimable. The determination of the amount of such reserves is based on knowledge and experience with regard to past and current matters and consultation with internal personnel principally involved with such matters and with our outside legal counsel handling such matters. The amount of such reserves may change in the future due to new developments or changes in circumstances. The inherent uncertainty related to the outcome of these matters can result in amounts materially different from any provisions made with respect to their resolution. See Note 11, "Commitments and Contingencies," to the consolidated financial statements included in this Report.

Pension and Other Postretirement Defined Benefit Plans

We provide certain pension and other postretirement benefits to our employees and retired employees, including pensions, postretirement health care benefits and other postretirement benefits.

Approximately 7% of our active workforce is covered by defined benefit pension plans, and less than 1% of our active workforce is covered by other postretirement benefit plans. Pension plans provide benefits based on plan-specific benefit formulas as defined by the applicable plan documents. Postretirement benefit plans generally provide for the continuation of medical benefits for all eligible employees. We also have contractual arrangements with certain employees which provide for supplemental retirement benefits. In general, our policy is to fund our pension benefit obligation based on legal requirements, tax and liquidity considerations and local practices. We do not fund our postretirement benefit obligation.

Plan assets and obligations are measured using various actuarial assumptions, such as discount rates, rate of compensation increase, mortality rates, turnover rates and health care cost trend rates, which are determined as of the current year measurement date. The measurement of net periodic benefit cost is based on various actuarial assumptions, including discount rates, expected return on plan assets and rate of compensation increase, which are determined as of the prior year measurement date. We review our actuarial assumptions on an annual basis and modify these assumptions when appropriate. As required by GAAP, the effects of the modifications are recorded currently or are amortized over future periods.

The determination of the discount rate is generally based on an index created from a hypothetical bond portfolio consisting of high-quality fixed income securities with durations that match the timing of expected benefit payments. Changes in the selected discount rate could have a material impact on the projected benefit obligations, unfunded status and related net periodic benefit cost of our pension and other postretirement benefit plans.

The expected return on plan assets is determined based on several factors, including adjusted historical returns, historical risk premiums for various asset classes and target asset allocations within the portfolio. Adjustments made to the historical returns are based on recent return experience in the equity and fixed income markets and the belief that deviations from historical returns are likely over the relevant investment horizon.

Key assumptions are shown below:

	Pension	Other Postretirement
Benefit obligations as of December 31, 2017	$ 1,049	$ 98
Discount rate -		
Domestic plans	3.6%	3.5%
Foreign plans	3.1%	3.5%
Net periodic benefit cost for the year ended December 31, 2017	$ 7	$ 2
Discount rate -		
Domestic plans	4.1%	3.9%
Foreign plans	3.3%	3.9%
Expected return on plan assets -		
Domestic plans	7.3%	N/A
Foreign plans	6.3%	N/A
Net periodic benefit cost for the year ended December 31, 2018 (1)	$ (1)	$ 1
Discount rate -		
Domestic plans	3.6%	3.5%
Foreign plans	3.1%	3.5%
Expected return on plan assets -		
Domestic plans	6.5%	N/A
Foreign plans	5.9%	N/A

(1) Forecasted

The sensitivity to a 100 basis point ("bp") decrease in the discount rate and expected return on plan assets is shown below (in millions):

	Increase in Benefit Obligation		Increase in 2018 Net Periodic Benefit Cost	
	Pension	Other Postretirement	Pension	Other Postretirement
100 bp decrease in discount rate	$ 162	$ 13	$ 4	$ 1
100 bp decrease in expected return on plan assets	N/A	N/A	$ 8	N/A

For further information related to our pension and other postretirement benefit plans, see "— Liquidity and Financial Condition — Capitalization — Contractual Obligations" above and Note 8, "Pension and Other Postretirement Benefit Plans," to the consolidated financial statements included in this Report.

Revenue Recognition and Sales Commitments

We enter into agreements with our customers to produce products at the beginning of a vehicle's life cycle. Although such agreements do not provide for a specified quantity of products, once we enter into such agreements, we are generally required to fulfill our customers' purchasing requirements for the production life of the vehicle. These agreements generally may be terminated by our customers at any time. Historically, terminations of these agreements have been minimal. Sales are generally recorded upon shipment of product to customers and transfer of title under standard commercial terms. In certain instances, we may be committed under existing agreements to supply products to our customers at selling prices which are not sufficient to cover the direct cost to produce such products. In such situations, we recognize losses as they are incurred.

We receive purchase orders from our customers on an annual basis. Generally, each purchase order provides the annual terms, including pricing, related to a particular vehicle model. Purchase orders do not specify quantities. We recognize revenue based on the pricing terms included in our annual purchase orders. We are asked to provide our customers with annual productivity price reductions as part of certain agreements. We accrue for such amounts as a reduction of revenue as our products are shipped to our customers. In addition, we have ongoing adjustments to our pricing arrangements with our customers based on the related content, the cost of our products and other commercial factors. Such pricing accruals are adjusted as they are settled with our customers.

Income Taxes

We account for income taxes in accordance with GAAP. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Our current and future provision for income taxes is impacted by the initial recognition of and changes in valuation allowances in certain countries. We intend to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. Our future provision for income taxes will include no tax benefit with respect to losses incurred and, except for certain jurisdictions, no tax expense with respect to income generated in these countries until the respective valuation allowances are eliminated. Accordingly, income taxes are impacted by changes in valuation allowances and the mix of earnings among jurisdictions. We evaluate the realizability of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available evidence in order to determine whether, based on the weight of the evidence, a valuation allowance for our deferred tax assets is necessary. Such evidence includes historical results, future reversals of existing taxable temporary differences and expectations for future taxable income (exclusive of the reversal of temporary differences and carryforwards), as well as the implementation of feasible and prudent tax planning strategies. If, based on the weight of the evidence, it is more likely than not that all or a portion of our deferred tax assets will not be realized, a valuation allowance is recorded. As of December 31, 2017, we had a valuation allowance related to tax loss and credit carryforwards and other deferred tax assets of $21 million in the United States and $381 million in several international jurisdictions. If operating results improve or decline on a continual basis in a particular jurisdiction, our decision regarding the need for a valuation allowance could change, resulting in either the initial recognition or reversal of a valuation allowance in that jurisdiction, which could have a significant impact on income tax expense in the period recognized and subsequent periods. In determining the provision for income taxes for financial statement purposes, we make certain estimates and judgments, which affect our evaluation of the carrying value of our deferred tax assets, as well as our calculation of certain tax liabilities.

The calculation of our gross unrecognized tax benefits and liabilities includes uncertainties in the application of, and changes in, complex tax regulations in a multitude of jurisdictions across our global operations. We recognize tax benefits and liabilities based on our estimate of whether, and the extent to which, additional taxes will be due. We adjust these benefits and liabilities based on changing facts and circumstances; however, due to the complexity of these uncertainties and the impact of tax audits, the ultimate resolutions may differ significantly from our estimates.

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. The Act reduces the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on all offshore earnings that were previously tax deferred and creates new taxes on certain foreign sourced earnings. As of December 31, 2017, we have not completed our accounting for the tax effects of the Act; however, in certain cases, as described below, we have made a reasonable estimate of the effects on our existing deferred tax balances and the one-time transition tax. In the year ended December 31, 2017, the provision for income taxes includes provisional income tax expense of $174 million related to items for which we were able to determine a reasonable estimate. In all cases, we will continue to make and refine our calculations as additional analysis is completed. In addition, our estimates may be affected as additional regulatory guidance is issued with respect to the Act. Any adjustments to the provisional amounts will be recognized as a component of the provision for income taxes in the period in which such adjustments are determined, but in any event, no later than the fourth quarter of 2018.

Provisional Amounts

Deferred tax assets and liabilities: We remeasured our U.S. deferred tax assets and liabilities at 21%. However, we are still analyzing certain aspects of the Act and refining our calculations, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. In the year ended December 31, 2017, the provision for income taxes includes provisional income tax expense of $43 million related to the remeasurement of deferred tax balances.

Transition Tax on Deferred Foreign Earnings: The one-time transition tax is based on our post-1986 earnings and profits ("E&P") that were previously deferred from U.S. income taxes. In the year ended December 31, 2017, the provision for income taxes includes provisional income tax expense of $131 million related to the one-time transition tax liability of our foreign subsidiaries. We have not completed our calculation of the total post-1986 E&P for these foreign subsidiaries. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when we finalize the calculation of post-1986 E&P previously deferred from U.S. income taxes and the amounts held in cash or other specified assets. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the transition tax. However, we continue to recognize a deferred tax liability related to foreign withholding tax that will be incurred for undistributed foreign earnings that are not permanently reinvested.

For further information, see "— Forward-Looking Statements," and Note 7, "Income Taxes," to the consolidated financial statements included in this Report.

Fair Value Measurements

We measure certain assets and liabilities at fair value on a non-recurring basis using unobservable inputs (Level 3 input based on the GAAP fair value hierarchy). For further information on these fair value measurements, see "— Impairment of Goodwill," "— Impairment of Long-Lived Assets," "— Restructuring" and "— Impairment of Investments in Affiliates" above.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. During 2017, there were no material changes in the methods or policies used to establish estimates and assumptions. Other matters subject to estimation and judgment include amounts related to accounts receivable realization, inventory obsolescence, asset impairments, useful lives of fixed and intangible assets, unsettled pricing discussions with customers and suppliers, restructuring accruals, deferred tax asset valuation allowances and income taxes, pension and other postretirement benefit plan assumptions, accruals related to litigation, warranty and environmental remediation costs and self-insurance accruals. Actual results may differ significantly from our estimates.

Recently Issued Accounting Pronouncements

For information on the impact of recently issued accounting pronouncements, see Note 15, "Accounting Pronouncements," to the consolidated financial statements included in this Report.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates," "forecasts" and similar expressions identify certain of these forward-looking statements. We also may provide forward-looking statements in oral statements or other written materials released to the public. All such forward-looking statements contained or incorporated in this Report or in any other public statements which address operating performance, events or developments that we expect or anticipate may occur in the future, including, without limitation, statements related to business opportunities, awarded sales contracts, sales backlog and ongoing commercial arrangements, or statements expressing views about future operating results, are forward-looking statements. Actual results may differ materially from any or all forward-looking statements made by us. Important factors, risks and uncertainties that may cause actual results to differ materially from anticipated results include, but are not limited to:

- general economic conditions in the markets in which we operate, including changes in interest rates or currency exchange rates;
- currency controls and the ability to economically hedge currencies;
- the financial condition and restructuring actions of our customers and suppliers;
- changes in actual industry vehicle production levels from our current estimates;
- fluctuations in the production of vehicles or the loss of business with respect to, or the lack of commercial success of, a vehicle model for which we are a significant supplier;
- disruptions in the relationships with our suppliers;
- labor disputes involving us or our significant customers or suppliers or that otherwise affect us;
- the outcome of customer negotiations and the impact of customer-imposed price reductions;
- the impact and timing of program launch costs and our management of new program launches;
- the costs, timing and success of restructuring actions;
- increases in our warranty, product liability or recall costs;
- risks associated with conducting business in foreign countries;
- the impact of regulations on our foreign operations;
- the operational and financial success of our joint ventures;
- competitive conditions impacting us and our key customers and suppliers;
- disruptions to our information technology systems, including those related to cybersecurity;

- the cost and availability of raw materials, energy, commodities and product components and our ability to mitigate such costs;
- the outcome of legal or regulatory proceedings to which we are or may become a party;
- the impact of pending legislation and regulations or changes in existing federal, state, local or foreign laws or regulations;
- unanticipated changes in cash flow, including our ability to align our vendor payment terms with those of our customers;
- limitations imposed by our existing indebtedness and our ability to access capital markets on commercially reasonable terms;
- impairment charges initiated by adverse industry or market developments;
- our ability to execute our strategic objectives;
- changes in discount rates and the actual return on pension assets;
- costs associated with compliance with environmental laws and regulations;
- developments or assertions by or against us relating to intellectual property rights;
- our ability to utilize our net operating loss, capital loss and tax credit carryforwards;
- global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary unions, international treaties and fiscal policies;
- the impact of potential changes in tax and trade policies in the United States and related actions by countries in which we do business;
- the anticipated changes in economic and other relationships between the United Kingdom and the European Union; and
- other risks, described in Part I — Item 1A, "Risk Factors," as well as the risks and information provided from time to time in our filings with the Securities and Exchange Commission.

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

ITEM 8 – CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Lear Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lear Corporation and subsidiaries (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 6, 2018, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2002.

Detroit, Michigan
February 6, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Lear Corporation

Opinion on Internal Control over Financial Reporting

We have audited Lear Corporation and subsidiaries' internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Lear Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Grupo Antolin's automotive seating business ("Antolin Seating"), which is included in the 2017 consolidated financial statements of the Company and constituted 4% of total assets as of December 31, 2017, and 2% of net sales for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Antolin Seating.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Lear Corporation and subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule, and our report dated February 6, 2018, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Detroit, Michigan
February 6, 2018

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

December 31,	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,500.4	$ 1,271.6
Accounts receivable	3,230.8	2,746.5
Inventories	1,205.7	1,020.6
Other	676.1	610.6
Total current assets	6,613.0	5,649.3
Long-Term Assets:		
Property, plant and equipment, net	2,459.4	2,019.3
Goodwill	1,401.3	1,121.3
Other	1,472.2	1,110.7
Total long-term assets	5,332.9	4,251.3
Total assets	$ 11,945.9	$ 9,900.6
Liabilities and Equity		
Current Liabilities:		
Short-term borrowings	$ —	$ 8.6
Accounts payable and drafts	3,167.2	2,640.5
Accrued liabilities	1,678.1	1,497.6
Current portion of long-term debt	9.0	35.6
Total current liabilities	4,854.3	4,182.3
Long-Term Liabilities:		
Long-term debt	1,951.5	1,898.0
Other	694.1	627.4
Total long-term liabilities	2,645.6	2,525.4
Redeemable noncontrolling interest	153.4	—
Equity:		
Preferred stock, 100,000,000 shares authorized (including 10,896,250 shares of Series A convertible preferred stock authorized); no shares outstanding	—	—
Common stock, $0.01 par value, 300,000,000 shares authorized; 72,563,291 and 80,563,291 shares issued as of December 31, 2017 and 2016, respectively	0.7	0.8
Additional paid-in capital	1,215.4	1,385.3
Common stock held in treasury, 5,689,527 and 11,131,648 shares as of December 31, 2017 and 2016, respectively, at cost	(724.1)	(1,200.2)
Retained earnings	4,171.9	3,706.9
Accumulated other comprehensive loss	(513.4)	(835.6)
Lear Corporation stockholders’ equity	4,150.5	3,057.2
Noncontrolling interests	142.1	135.7
Equity	4,292.6	3,192.9
Total liabilities and equity	$ 11,945.9	$ 9,900.6

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

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except share and per share data)

For the year ended December 31,	2017	2016	2015
Net sales	$ 20,467.0	$ 18,557.6	$ 18,211.4
Cost of sales	18,175.9	16,455.5	16,391.6
Selling, general and administrative expenses	635.2	621.9	580.5
Amortization of intangible assets	47.6	53.0	52.5
Interest expense	85.7	82.5	86.7
Other (income) expense, net	(4.1)	6.4	68.6
Consolidated income before provision for income taxes and equity in net income of affiliates	1,526.7	1,338.3	1,031.5
Provision for income taxes	197.5	370.2	285.5
Equity in net income of affiliates	(51.7)	(72.4)	(49.8)
Consolidated net income	1,380.9	1,040.5	795.8
Less: Net income attributable to noncontrolling interests	67.5	65.4	50.3
Net income attributable to Lear	$ 1,313.4	$ 975.1	$ 745.5
Basic net income per share available to Lear common stockholders	$ 18.79	$ 13.48	$ 9.71
Diluted net income per share available to Lear common stockholders	$ 18.59	$ 13.33	$ 9.59
Average common shares outstanding	68,542,363	72,345,436	76,754,270
Average diluted shares outstanding	69,277,981	73,124,949	77,767,017

The accompanying notes are an integral part of these consolidated financial statements.

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

For the year ended December 31,	2017	2016	2015
Consolidated net income	$ 1,380.9	$ 1,040.5	$ 795.8
Other comprehensive income (loss), net of tax:			
Defined benefit plan adjustments	8.8	1.8	24.6
Derivative instruments and hedging activities	22.2	(6.4)	(5.5)
Foreign currency translation adjustments	305.0	(109.5)	(251.1)
Total other comprehensive income (loss)	336.0	(114.1)	(232.0)
Consolidated comprehensive income	1,716.9	926.4	563.8
Less: Comprehensive income attributable to noncontrolling interests	81.3	56.8	46.4
Comprehensive income attributable to Lear	$ 1,635.6	$ 869.6	$ 517.4

The accompanying notes are an integral part of these consolidated financial statements.

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In millions, except share data)

	Redeemable Non-controlling Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Common Stock Held in Treasury	Retained Earnings
Balance as of December 31, 2014	$ —	$ —	$ 0.8	$ 1,475.2	$ (176.9)	$ 2,161.7
Comprehensive income (loss):	—					
Net income	—	—	—	—	—	745.5
Other comprehensive income (loss)	—	—	—	—	—	—
Total comprehensive income (loss)	—	—	—	—	—	745.5
Stock-based compensation	—	—	—	65.7	—	—
Excess tax benefits related to stock-based compensation	—	—	—	2.5	—	—
Net issuances of 807,015 shares held in treasury in settlement of stock-based compensation	—	—	—	(91.5)	41.3	—
Repurchases of 4,366,365 shares of common stock at an average price of $111.62 per share	—	—	—	—	(487.4)	—
Dividends declared to Lear Corporation stockholders	—	—	—	—	—	(79.4)
Dividends paid to noncontrolling interests	—	—	—	—	—	—
Additions to noncontrolling interests	—	—	—	—	—	—
Balance as of December 31, 2015	$ —	$ —	$ 0.8	$ 1,451.9	$ (623.0)	$ 2,827.8
Comprehensive income (loss):						
Net income	—	—	—	—	—	975.1
Other comprehensive income (loss)	—	—	—	—	—	—
Total comprehensive income (loss)	—	—	—	—	—	975.1
Stock-based compensation	—	—	—	68.2	—	—
Excess tax benefits related to stock-based compensation	—	—	—	8.8	—	—
Net issuances of 783,793 shares held in treasury in settlement of stock-based compensation	—	—	—	(124.2)	81.6	(4.7)
Repurchases of 5,816,363 shares of common stock at an average price of $113.26 per share	—	—	—	—	(658.8)	—
Dividends declared to Lear Corporation stockholders	—	—	—	—	—	(89.1)
Dividends paid to noncontrolling interests	—	—	—	—	—	—
Affiliate transaction	—	—	—	—	—	—
Acquisition of outstanding noncontrolling interests	—	—	—	(19.4)	—	—
Noncontrolling interests — other	—	—	—	—	—	(2.2)
Balance as of December 31, 2016	$ —	$ —	$ 0.8	$ 1,385.3	$ (1,200.2)	$ 3,706.9
Comprehensive income:						
Net income	3.2	—	—	—	—	1,313.4
Other comprehensive income	4.6	—	—	—	—	—
Total comprehensive income	7.8	—	—	—	—	1,313.4
Adoption of ASU 2016-09 (Note 7, "Taxes")	—	—	—	—	—	52.9
Stock-based compensation	—	—	—	70.2	—	—
Net issuances of 456,252 shares held in treasury in settlement of stock-based compensation	—	—	—	(84.2)	39.0	
Repurchases of 3,014,131 shares of common stock at an average price of $150.77 per share	—	—	—	—	(454.4)	—
Retirement of 8,000,000 shares held in treasury at average price of $111.43 per share	—	—	(0.1)	(155.9)	891.5	(735.5)
Dividends declared to Lear Corporation stockholders	—	—	—	—	—	(140.3)
Dividends declared to noncontrolling interests	(4.9)	—	—	—	—	—
Affiliate transaction	125.0	—	—	—	—	—
Redeemable noncontrolling interest adjustment	25.5	—	—	—	—	(25.5)
Balance as of December 31, 2017	$ 153.4	$ —	$ 0.7	$ 1,215.4	$ (724.1)	$ 4,171.9

The accompanying notes are an integral part of these consolidated financial statements.

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY (continued)
(In millions, except share data)

	Accumulated Other Comprehensive Loss, net of tax					
	Defined Benefit Plans	Derivative Instruments and Hedging Activities	Cumulative Translation Adjustments	Lear Corporation Stockholders' Equity	Non-controlling Interests	Equity
Balance as of December 31, 2014	$ (219.2)	$ (33.2)	$ (249.6)	$ 2,958.8	$ 70.5	$ 3,029.3
Comprehensive income (loss):						
Net income	—	—	—	745.5	50.3	795.8
Other comprehensive income (loss)	24.6	(5.5)	(247.2)	(228.1)	(3.9)	(232.0)
Total comprehensive income (loss)	24.6	(5.5)	(247.2)	517.4	46.4	563.8
Stock-based compensation	—	—	—	65.7	—	65.7
Excess tax benefits related to stock-based compensation	—	—	—	2.5	—	2.5
Net issuances of 807,015 shares held in treasury in settlement of stock-based compensation	—	—	—	(50.2)	—	(50.2)
Repurchases of 4,366,365 shares of common stock at an average price of $111.62 per share	—	—	—	(487.4)	—	(487.4)
Dividends declared to Lear Corporation stockholders	—	—	—	(79.4)	—	(79.4)
Dividends paid to noncontrolling interests	—	—	—	—	(29.3)	(29.3)
Additions to noncontrolling interests	—	—	—	—	2.7	2.7
Balance as of December 31, 2015	$ (194.6)	$ (38.7)	$ (496.8)	$ 2,927.4	$ 90.3	$ 3,017.7
Comprehensive income (loss):						
Net income	—	—	—	975.1	65.4	1,040.5
Other comprehensive income (loss)	1.8	(6.4)	(100.9)	(105.5)	(8.6)	(114.1)
Total comprehensive income (loss)	1.8	(6.4)	(100.9)	869.6	56.8	926.4
Stock-based compensation	—	—	—	68.2	—	68.2
Excess tax benefits related to stock-based compensation	—	—	—	8.8	—	8.8
Net issuances of 783,793 shares held in treasury in settlement of stock-based compensation	—	—	—	(47.3)	—	(47.3)
Repurchases of 5,816,363 shares of common stock at an average price of $113.26 per share	—	—	—	(658.8)	—	(658.8)
Dividends declared to Lear Corporation stockholders	—	—	—	(89.1)	—	(89.1)
Dividends paid to noncontrolling interests	—	—	—	—	(41.2)	(41.2)
Affiliate transaction	—	—	—	—	41.0	41.0
Acquisition of outstanding noncontrolling interests				(19.4)	(13.4)	(32.8)
Noncontrolling interests — other	—	—	—	(2.2)	2.2	—
Balance as of December 31, 2016	$ (192.8)	$ (45.1)	$ (597.7)	$ 3,057.2	$ 135.7	$ 3,192.9
Comprehensive income:						
Net income	—	—	—	1,313.4	64.3	1,377.7
Other comprehensive income	8.8	22.2	291.2	322.2	9.2	331.4
Total comprehensive income	8.8	22.2	291.2	1,635.6	73.5	1,709.1
Adoption of ASU 2016-09 (Note 7, "Taxes")	—	—	—	52.9	—	52.9
Stock-based compensation	—	—	—	70.2	—	70.2
Net issuances of 456,252 shares held in treasury in settlement of stock-based compensation	—	—	—	(45.2)	—	(45.2)
Repurchases of 3,014,131 shares of common stock at an average price of $150.77 per share	—	—	—	(454.4)	—	(454.4)
Retirement of 8,000,000 shares held in treasury at average price of $111.43 per share	—	—	—	—	—	—
Dividends declared to Lear Corporation stockholders	—	—	—	(140.3)	—	(140.3)
Dividends declared to noncontrolling interests	—	—	—	—	(67.1)	(67.1)
Affiliate transaction	—	—	—	—	—	—
Redeemable noncontrolling interest adjustment	—	—	—	(25.5)		(25.5)
Balance as of December 31, 2017	$ (184.0)	$ (22.9)	$ (306.5)	$ 4,150.5	$ 142.1	$ 4,292.6

The accompanying notes are an integral part of these consolidated financial statements.

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

For the year ended December 31,	2017	2016	2015
Cash Flows from Operating Activities:			
Consolidated net income	$ 1,380.9	$ 1,040.5	$ 795.8
Adjustments to reconcile consolidated net income to net cash provided by operating activities –			
Equity in net income of affiliates	(51.7)	(72.4)	(49.8)
Loss on extinguishment of debt	21.2	—	14.3
Fixed asset impairment charges	3.4	5.4	5.7
Deferred tax (benefit) provision	(81.3)	103.6	48.6
Depreciation and amortization	427.7	378.2	347.8
Stock-based compensation	70.2	68.2	65.7
Net change in recoverable customer engineering, development and tooling	(54.1)	(16.9)	(57.8)
Net change in working capital items (see below)	72.5	88.1	58.0
Changes in other long-term liabilities	6.6	(12.9)	(20.2)
Changes in other long-term assets	2.1	38.3	44.3
Other, net	(14.4)	(0.8)	18.7
Net cash provided by operating activities	1,783.1	1,619.3	1,271.1
Cash Flows from Investing Activities:			
Additions to property, plant and equipment	(594.5)	(528.3)	(485.8)
Acquisitions, net of cash acquired and use of $350 million restricted cash in 2015 (see non-cash investing activities below) (Note 3)	(292.4)	(155.9)	(499.2)
Other, net	18.3	47.1	19.7
Net cash used in investing activities	(868.6)	(637.1)	(965.3)
Cash Flows from Financing Activities:			
New credit agreement borrowings	250.0	—	—
New credit agreement repayments	(1.6)	—	—
Prior credit agreement borrowings	—	—	500.0
Prior credit agreement repayments	(468.7)	(21.9)	(9.4)
Short-term borrowings (repayments), net	(8.9)	9.1	—
Proceeds from the issuance of senior notes	744.7	—	—
Repurchase of senior notes, net of use of $250 million restricted cash in 2015 (see non-cash financing activities below) (Note 6)	(517.0)	—	(5.0)
Payment of debt issuance and other financing costs	(11.9)	—	—
Repurchase of common stock	(450.5)	(658.8)	(487.4)
Dividends paid to Lear Corporation stockholders	(137.7)	(88.8)	(78.5)
Dividends paid to noncontrolling interests	(81.6)	(33.3)	(27.8)
Other, net	(58.8)	(79.2)	(48.2)
Net cash used in financing activities	(742.0)	(872.9)	(156.3)
Effect of foreign currency translation	56.3	(34.3)	(47.0)
Net Change in Cash and Cash Equivalents	228.8	75.0	102.5
Cash and Cash Equivalents as of Beginning of Period	1,271.6	1,196.6	1,094.1
Cash and Cash Equivalents as of End of Period	$ 1,500.4	$ 1,271.6	$ 1,196.6
Changes in Working Capital Items:			
Accounts receivable	$ (115.2)	$ (176.3)	$ (173.4)
Inventories	(76.0)	(53.5)	4.1
Accounts payable (including $45.7 million of cash paid in 2015 in conjunction with the acquisition of Eagle Ottawa to settle pre-existing accounts payable)	195.3	157.6	76.2
Accrued liabilities and other	68.4	160.3	151.1
Net change in working capital items	$ 72.5	$ 88.1	$ 58.0
Supplementary Disclosure:			
Cash paid for interest	$ 94.0	$ 88.8	$ 85.6
Cash paid for income taxes, net of refunds received of $35.5 million in 2017, $16.4 million in 2016 and $11.9 million in 2015	$ 284.0	$ 237.6	$ 218.7
Non-cash Investing Activities:			
Cash restricted for use - acquisition of Eagle Ottawa	$ —	$ —	$ (350.0)
Non-cash Financing Activities:			
Cash restricted for use - repurchase of senior notes	$ —	$ —	$ (250.0)

The accompanying notes are an integral part of these consolidated financial statements.

Lear Corporation and Subsidiaries
Notes to Consolidated Financial Statements

(1) Basis of Presentation

Lear Corporation ("Lear," and together with its consolidated subsidiaries, the "Company") and its affiliates design and manufacture automotive seating and electrical distribution systems and related components. The Company's main customers are automotive original equipment manufacturers. The Company operates facilities worldwide.

The accompanying consolidated financial statements include the accounts of Lear, a Delaware corporation, and the wholly owned and less than wholly owned subsidiaries controlled by Lear.

(2) Summary of Significant Accounting Policies

Consolidation

Lear consolidates all entities, including variable interest entities, in which it has a controlling financial interest. Investments in affiliates in which Lear does not have control, but does have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method (Note 5, "Investments in Affiliates and Other Related Party Transactions").

Fiscal Period Reporting

The Company's annual financial results are reported on a calendar year basis, and quarterly interim results are reported using a thirteen week reporting calendar.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of ninety days or less.

Accounts Receivable

The Company records accounts receivable as title is transferred to its customers. The Company's customers are the world's major automotive manufacturers. The Company records accounts receivable reserves for known collectibility issues, as such issues relate to specific transactions or customer balances. As of December 31, 2017 and 2016, accounts receivable are reflected net of reserves of $41.8 million and $32.8 million, respectively. The Company writes off accounts receivable when it becomes apparent, based upon age or customer circumstances, that such amounts will not be collected. Generally, the Company does not require collateral for its accounts receivable.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs. The Company records reserves for inventory in excess of production and/or forecasted requirements and for obsolete inventory in production and service inventories. A summary of inventories is shown below (in millions):

December 31,	2017	2016
Raw materials	$ 869.3	$ 746.3
Work-in-process	120.8	106.4
Finished goods	324.8	262.3
Reserves	(109.2)	(94.4)
Inventories	$ 1,205.7	$ 1,020.6

Pre-Production Costs Related to Long-Term Supply Agreements

The Company incurs pre-production engineering and development ("E&D") and tooling costs related to the products produced for its customers under long-term supply agreements. The Company expenses all pre-production E&D costs for which reimbursement is not contractually guaranteed by the customer. In addition, the Company expenses all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer or for which the Company does not have a non-cancelable right to use the tooling.

During 2017 and 2016, the Company capitalized $257.4 million and $179.3 million, respectively, of pre-production E&D costs for which reimbursement is contractually guaranteed by the customer. During 2017 and 2016, the Company also capitalized $115.4 million and $96.0 million, respectively, of pre-production tooling costs related to customer-owned tools for which reimbursement is contractually guaranteed by the customer or for which the Company has a non-cancelable right to use the tooling. These amounts are included in other current and long-term assets in the accompanying consolidated balance sheets as of December 31, 2016 and 2015. During 2017 and 2016, the Company collected $311.1 million and $264.6 million, respectively, of cash related to E&D and tooling costs.

The classification of recoverable customer E&D and tooling costs related to long-term supply agreements is shown below (in millions):

December 31,	2017	2016
Current	$ 248.1	$ 185.9
Long-term	59.3	43.4
Recoverable customer E&D and tooling	$ 307.4	$ 229.3

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Costs associated with the repair and maintenance of the Company's property, plant and equipment are expensed as incurred. Costs associated with improvements which extend the life, increase the capacity or improve the efficiency or safety of the Company's property, plant and equipment are capitalized and depreciated over the remaining useful life of the related asset. Depreciable property is depreciated over the estimated useful lives of the assets, using principally the straight-line method as follows:

Buildings and improvements	10 to 40 years
Machinery and equipment	5 to 10 years

A summary of property, plant and equipment is shown below (in millions):

December 31,	2017	2016
Land	$ 118.8	$ 101.7
Buildings and improvements	797.7	648.1
Machinery and equipment	3,077.4	2,459.6
Construction in progress	355.6	296.4
Total property, plant and equipment	4,349.5	3,505.8
Less – accumulated depreciation	(1,890.1)	(1,486.5)
Net property, plant and equipment	$ 2,459.4	$ 2,019.3

For the years ended December 31, 2017, 2016 and 2015, depreciation expense was $380.1 million, $325.2 million and $295.3 million, respectively. As of December 31, 2017, 2016 and 2015, capital expenditures recorded in accounts payable totaled $119.7 million, $117.8 million and $91.6 million, respectively.

Impairment of Goodwill

Goodwill is not amortized but is tested for impairment on at least an annual basis. Impairment testing is required more often than annually if an event or circumstance indicates that an impairment is more likely than not to have occurred. In conducting its annual impairment testing, the Company may first perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If not, no further goodwill impairment testing is required. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if the Company elects not to perform a qualitative assessment of a reporting unit, the Company then compares the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing as of the first day of its fourth quarter.

The Company utilizes an income approach to estimate the fair value of each of its reporting units and a market valuation approach to further support this analysis. The income approach is based on projected debt-free cash flow which is discounted to the present value using discount factors that consider the timing and risk of cash flows. The Company believes that this approach is appropriate because it provides a fair value estimate based upon the reporting unit's expected long-term operating cash flow performance. This approach also mitigates the impact of cyclical trends that occur in the industry. Fair value is

estimated using recent automotive industry and specific platform production volume projections, which are based on both third-party and internally developed forecasts, as well as commercial and discount rate assumptions. The discount rate used is the value-weighted average of the Company's estimated cost of equity and of debt ("cost of capital") derived using both known and estimated customary market metrics. The Company's weighted average cost of capital is adjusted by reporting unit to reflect a risk factor, if necessary. Other significant assumptions include terminal value growth rates, terminal value margin rates, future capital expenditures and changes in future working capital requirements. While there are inherent uncertainties related to the assumptions used and to management's application of these assumptions to this analysis, the Company believes that the income approach provides a reasonable estimate of the fair value of its reporting units. The market valuation approach is used to further support the Company's analysis and is based on recent transactions involving comparable companies.

In 2017, the Company performed a qualitative assessment of its reporting units. The assessment was completed as of the first day of our fourth quarter. The assessment indicated that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying value. The Company does not believe that any of our reporting units is at risk for impairment.

A summary of the changes in the carrying amount of goodwill for each of the periods in the two years ended December 31, 2017, is shown below (in millions):

	Seating	E-Systems	Total
Balance as of December 31, 2015	$ 1,026.8	$ 27.0	$ 1,053.8
Acquisitions	72.0	2.6	74.6
Affiliate transaction	8.9	—	8.9
Foreign currency translation and other	(16.5)	0.5	(16.0)
Balance as of December 31, 2016	1,091.2	30.1	1,121.3
Acquisition	123.3	—	123.3
Affiliate transaction	—	94.4	94.4
Foreign currency translation and other	59.9	2.4	62.3
Balance as of December 31, 2017	$ 1,274.4	$ 126.9	$ 1,401.3

For further information related to acquisitions and affiliate transactions, see Note 3, "Acquisitions," and Note 5, "Investments in Affiliates and Other Related Party Transactions."

Intangible Assets

As of December 31, 2017, intangible assets consist primarily of certain intangible assets recorded in connection with the acquisitions of Guilford Mills in 2012, Eagle Ottawa in 2015, AccuMED in 2016 and Antolin Seating in 2017 (Note 3, "Acquisitions"). These intangible assets were recorded at their estimated fair value, based on independent appraisals, as of the transaction or acquisition date. The value assigned to technology intangibles is based on the royalty savings method, which applies a hypothetical royalty rate to projected revenues attributable to the identified technologies. Royalty rates were determined based primarily on analysis of market information. The customer-based intangible asset includes the acquired entity's established relationships with its customers and the ability of these customers to generate future economic profits for the Company. The value assigned to customer-based intangibles is based on the present value of future earnings attributable to the asset group after recognition of required returns to other contributory assets.

A summary of intangible assets as of December 31, 2017 and 2016, is shown below (in millions):

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Useful Life (years)
Technology	$ 22.2	$ (9.3)	$ 12.9	8.6
Customer-based	544.6	(113.9)	430.7	11.6
Other	1.4	(0.9)	0.5	5.2
Balance as of December 31, 2017	$ 568.2	$ (124.1)	$ 444.1	11.5

Intangible assets with a gross carrying value of $17.0 million became fully amortized in 2017 and are no longer included in the intangible asset gross carrying value or accumulated amortization as of December 31, 2017.

		Gross Carrying Value		Accumulated Amortization		Net Carrying Value	Weighted Average Useful Life (years)
Technology	$	24.6	$	(16.4)	$	8.2	8.6
Customer-based		338.2		(68.3)		269.9	7.4
Other		10.7		(1.7)		9.0	5.8
Balance as of December 31, 2016	$	373.5	$	(86.4)	$	287.1	7.5

Excluding the impact of any future acquisitions, the Company's estimated annual amortization expense for the five succeeding years is shown below (in millions):

Year		Expense
2018	$	51.4
2019		50.8
2020		49.1
2021		47.3
2022		46.3

Impairment of Long-Lived Assets

The Company monitors its long-lived assets for impairment indicators on an ongoing basis in accordance with accounting principles generally accepted in the United States ("GAAP"). If impairment indicators exist, the Company performs the required impairment analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon either discounted cash flow analyses or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates.

For the years ended December 31, 2017, 2016 and 2015, the Company recognized fixed asset impairment charges of $1.3 million, $4.7 million and $3.9 million respectively, in conjunction with its restructuring actions (Note 4, "Restructuring"), as well as additional fixed asset impairment charges of $2.1 million, $0.7 million and $1.8 million, respectively. Fixed asset impairment charges are recorded in cost of sales in the accompanying consolidated statements of income for the years ended December 31, 2017, 2016 and 2015.

Impairment of Investments in Affiliates

The Company monitors its investments in affiliates for indicators of other-than-temporary declines in value on an ongoing basis in accordance with GAAP. If the Company determines that an other-than-temporary decline in value has occurred, it recognizes an impairment loss, which is measured as the difference between the recorded book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values.

Revenue Recognition and Sales Commitments

The Company enters into agreements with its customers to produce products at the beginning of a vehicle's life cycle. Although such agreements do not provide for a specified quantity of products, once the Company enters into such agreements, the Company is generally required to fulfill its customers' purchasing requirements for the production life of the vehicle. These agreements generally may be terminated by the Company's customers at any time. Historically, terminations of these agreements have been minimal. Sales are generally recorded upon shipment of product to customers and transfer of title under standard commercial terms. In certain instances, the Company may be committed under existing agreements to supply products to its customers at selling prices which are not sufficient to cover the direct cost to produce such products. In such situations, the Company recognizes losses as they are incurred.

The Company receives purchase orders from its customers on an annual basis. Generally, each purchase order provides the annual terms, including pricing, related to a particular vehicle model. Purchase orders do not specify quantities. The Company recognizes revenue based on the pricing terms included in its annual purchase orders. The Company is asked to provide its customers with annual price reductions as part of certain agreements. The Company accrues for such amounts as a reduction of revenue as its products are shipped to its customers. In addition, the Company has ongoing adjustments to its pricing

arrangements with its customers based on the related content, the cost of its products and other commercial factors. Such pricing accruals are adjusted as they are settled with the Company's customers.

Amounts billed to customers related to shipping and handling costs are included in net sales in the consolidated statements of income. Shipping and handling costs are included in cost of sales in the consolidated statements of income.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales includes material, labor and overhead costs associated with the manufacture and distribution of the Company's products. Distribution costs include inbound freight costs, purchasing and receiving costs, inspection costs, warehousing costs and other costs of the Company's distribution network. Selling, general and administrative expenses include selling, engineering and development and administrative costs not directly associated with the manufacture and distribution of the Company's products.

Restructuring Costs

Restructuring costs include employee termination benefits, fixed asset impairment charges and contract termination costs, as well as other incremental costs resulting from the restructuring actions. These incremental costs principally include equipment and personnel relocation costs. In addition to restructuring costs, the Company also incurs incremental manufacturing inefficiency costs at the operating locations impacted by the restructuring actions during the related restructuring implementation period. Restructuring costs are recognized in the Company's consolidated financial statements in accordance with GAAP. Generally, charges are recorded as restructuring actions are approved and/or implemented.

Engineering and Development

Costs incurred in connection with product launches, to the extent not recoverable from the Company's customers, are charged to cost of sales as incurred. All other engineering and development costs are charged to selling, general and administrative expenses when incurred. Engineering and development costs charged to selling, general and administrative expenses totaled $147.9 million, $143.7 million and $126.8 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Other (Income) Expense, Net

Other (income) expense, net includes non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, gains and losses on the extinguishment of debt (Note 6, "Debt"), gains and losses on the disposal of fixed assets and other miscellaneous income and expense. A summary of other (income) expense, net is shown below (in millions):

For the year ended December 31,	2017	2016	2015
Other expense	$ 57.2	$ 42.2	$ 71.4
Other income	(61.3)	(35.8)	(2.8)
Other (income) expense, net	$ (4.1)	$ 6.4	$ 68.6

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company's current and future provision for income taxes is impacted by the initial recognition of and changes in valuation allowances in certain countries. The Company intends to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. The Company's future provision for income taxes will include no tax benefit with respect to losses incurred and, except for certain jurisdictions, no tax expense with respect to income generated in these countries until the respective valuation allowances are eliminated. Accordingly, income taxes are impacted by changes in valuation allowances and the mix of earnings among jurisdictions. The Company evaluates the realizability of its deferred tax assets on a quarterly basis. In completing this evaluation, the Company considers all available evidence in order to determine whether, based on the weight of the evidence, a valuation allowance for its deferred tax assets is necessary. Such evidence includes historical results, future reversals of existing taxable temporary differences and expectations for future taxable income (exclusive of the reversal of temporary differences and carryforwards), as well as the implementation of feasible and prudent tax planning strategies. If, based on the weight of the evidence, it is more likely than not that all or a portion of the Company's deferred tax assets will not

be realized, a valuation allowance is recorded. If operating results improve or decline on a continual basis in a particular jurisdiction, the Company's decision regarding the need for a valuation allowance could change, resulting in either the initial recognition or reversal of a valuation allowance in that jurisdiction, which could have a significant impact on income tax expense in the period recognized and subsequent periods. In determining the provision for income taxes for financial statement purposes, the Company makes certain estimates and judgments, which affect its evaluation of the carrying value of its deferred tax assets, as well as its calculation of certain tax liabilities.

The calculation of the Company's gross unrecognized tax benefits and liabilities includes uncertainties in the application of, and changes in, complex tax regulations in a multitude of jurisdictions across its global operations. The Company recognizes tax benefits and liabilities based on its estimates of whether, and the extent to which, additional taxes will be due. The Company adjusts these benefits and liabilities based on changing facts and circumstances; however, due to the complexity of these uncertainties and the impact of tax audits, the ultimate resolutions may differ significantly from the Company's estimates.

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. The Act reduces the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on all offshore earnings that were previously tax deferred and creates new taxes on certain foreign sourced earnings. As of December 31, 2017, the Company has not completed its accounting for the tax effects of the Act; however, in certain cases, as described below, the Company has made a reasonable estimate of the effects on its existing deferred tax balances and the one-time transition tax. In the year ended December 31, 2017, the provision for income taxes includes provisional income tax expense of $173.5 million related to items for which the Company was able to determine a reasonable estimate. In all cases, the Company will continue to make and refine its calculations as additional analysis is completed. In addition, the Company's estimates may be affected as additional regulatory guidance is issued with respect to the Act. Any adjustments to the provisional amounts will be recognized as a component of the provision for income taxes in the period in which such adjustments are determined, but in any event, no later than the fourth quarter of 2018.

Provisional Amounts

Deferred tax assets and liabilities: The Company remeasured its U.S. deferred tax assets and liabilities at 21%. However, the Company is still analyzing certain aspects of the Act and refining its calculations, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. In the year ended December 31, 2017, the provision for income taxes includes provisional income tax expense of $42.5 million related to the remeasurement of deferred tax balances.

Transition Tax on Deferred Foreign Earnings: The one-time transition tax is based on the Company's post-1986 earnings and profits ("E&P") that were previously deferred from U.S. income taxes. In the year ended December 31, 2017, the provision for income taxes includes provisional income tax expense of $131.0 million related to the one-time transition tax liability of the Company's foreign subsidiaries. The Company has not completed its calculation of the total post-1986 E&P for these foreign subsidiaries. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when the Company finalizes the calculation of post-1986 E&P previously deferred from U.S. income taxes and the amounts held in cash or other specified assets. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the transition tax. However, the Company continues to recognize a deferred tax liability related to foreign withholding tax that will be incurred for undistributed foreign earnings that are not permanently reinvested.

Foreign Currency

Assets and liabilities of foreign subsidiaries that use a functional currency other than the U.S. dollar are translated into U.S. dollars at the foreign exchange rates in effect at the end of the period. Revenues and expenses of foreign subsidiaries are translated into U.S. dollars using an average of the foreign exchange rates in effect during the period. Translation adjustments that arise from translating a foreign subsidiary's financial statements from the functional currency to the U.S. dollar are reflected in accumulated other comprehensive loss in the consolidated balance sheets.

Transaction gains and losses that arise from foreign exchange rate fluctuations on transactions denominated in a currency other than the functional currency, except certain long-term intercompany transactions, are included in the consolidated statements of income as incurred. For the years ended December 31, 2017, 2016 and 2015, other (income) expense, net includes net foreign currency transaction losses of $5.1 million, $7.6 million and $28.5 million, respectively.

Stock-Based Compensation

The Company measures stock-based employee compensation expense at fair value in accordance with GAAP and recognizes such expense over the vesting period of the stock-based employee awards.

Net Income Per Share Attributable to Lear

Basic net income per share available to Lear common stockholders is computed using the two-class method by dividing net income attributable to Lear, after deducting the redemption adjustment related to redeemable noncontrolling interest, by the average number of common shares outstanding during the period. Common shares issuable upon the satisfaction of certain conditions pursuant to a contractual agreement are considered common shares outstanding and are included in the computation of basic net income per share available to Lear common stockholders.

Diluted net income per share available to Lear common stockholders is computed using the two-class method by dividing net income attributable to Lear, after deducting the redemption adjustment related to redeemable noncontrolling interest, by the average number of common shares outstanding, including the dilutive effect of common stock equivalents computed using the treasury stock method and the average share price during the period.

A summary of information used to compute basic and diluted net income per share available to Lear common stockholders is shown below (in millions, except share and per share data):

For the year ended December 31,	2017	2016	2015
Net income attributable to Lear	$ 1,313.4	$ 975.1	$ 745.5
Less: Redeemable noncontrolling interest adjustment	(25.5)	—	—
Net income available to Lear common stockholders	$ 1,287.9	$ 975.1	$ 745.5
Average common shares outstanding	68,542,363	72,345,436	76,754,270
Dilutive effect of common stock equivalents	735,618	779,513	1,012,747
Average diluted shares outstanding	69,277,981	73,124,949	77,767,017
Basic net income per share available to Lear common stockholders	$ 18.79	$ 13.48	$ 9.71
Diluted net income per share available to Lear common stockholders	$ 18.59	$ 13.33	$ 9.59

For further information related to the redeemable noncontrolling interest adjustment, see Note 5, "Investments in Affiliates and Other Related Party Transactions."

Product Warranty

Product warranty reserves are recorded when liability is probable and related amounts are reasonably estimable.

Segment Reporting

The Company has two reportable operating segments: Seating, which includes complete seat systems and all major seat components, including seat covers and surface materials such as leather and fabric, seat structures and mechanisms, seat foam and headrests, and E-Systems, which includes complete electrical distribution systems, electronic control modules and associated software and wireless communication modules. Key components in the electrical distribution system include wire harnesses, terminals and connectors and junction boxes, including components and systems for high power battery electric vehicle and hybrid electric vehicle power management and distribution systems. The other category includes unallocated costs related to corporate headquarters, regional headquarters and the elimination of intercompany activities, none of which meets the requirements for being classified as an operating segment.

Each of the Company’s operating segments reports its results from operations and makes its requests for capital expenditures directly to the chief operating decision maker. The economic performance of each operating segment is driven primarily by automotive production volumes in the geographic regions in which it operates, as well as by the success of the vehicle platforms for which it supplies products. Also, each operating segment operates in the competitive Tier 1 automotive supplier environment and is continually working with its customers to manage costs and improve quality. The Company’s production processes generally make use of hourly labor, dedicated facilities, sequential manufacturing and assembly processes and commodity raw materials.

The Company evaluates the performance of its operating segments based primarily on (i) revenues from external customers, (ii) pretax income before equity in net income of affiliates, interest expense and other expense ("segment earnings") and (iii) cash flows, being defined as segment earnings less capital expenditures plus depreciation and amortization.

The accounting policies of the Company's operating segments are the same as those described in this note to the consolidated financial statements.

Derivative Instruments and Hedging Activities

The Company has used derivative financial instruments, including forwards, futures, options, swaps and other derivative contracts, to reduce the effects of fluctuations in foreign exchange rates and interest rates and the resulting variability of the Company's operating results. The Company is not a party to leveraged derivatives. The Company's derivative financial instruments are subject to master netting arrangements that provide for the net settlement of contracts, by counterparty, in the event of default or termination. On the date that a derivative contract for a hedging instrument is entered into, the Company designates the derivative as either (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or of an unrecognized firm commitment (a fair value hedge), (2) a hedge of the exposure of a forecasted transaction or of the variability in the cash flows of a recognized asset or liability (a cash flow hedge) or (3) a hedge of a net investment in a foreign operation (a net investment hedge).

For a fair value hedge, both the effective and ineffective portions of the change in the fair value of the derivative are recorded in earnings and reflected in the consolidated statement of income on the same line as the gain or loss on the hedged item attributable to the hedged risk. For a cash flow hedge, the effective portion of the change in the fair value of the derivative is recorded in accumulated other comprehensive loss in the consolidated balance sheet. When the underlying hedged transaction is realized, the gain or loss included in accumulated other comprehensive loss is recorded in earnings and reflected in the consolidated statement of income on the same line as the gain or loss on the hedged item attributable to the hedged risk. For a net investment hedge, the effective portion of the change in the fair value of the derivative is recorded in cumulative translation adjustment, which is a component of accumulated other comprehensive loss in the consolidated balance sheet. In addition, for both cash flow and net investment hedges, changes in the fair value of the derivative that are excluded from the Company's effectiveness assessments and the ineffective portion of changes in the fair value of the derivative are recorded in earnings and reflected in the consolidated statement of income as other expense, net.

The Company formally documents its hedge relationships, including the identification of the hedging instruments and the related hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. Derivatives are recorded at fair value in other current and long-term assets and other current and long-term liabilities in the consolidated balance sheet. The Company also formally assesses, both at inception and at least quarterly thereafter, whether a derivative used in a hedging transaction is highly effective in offsetting changes in either the fair value or the cash flows of the hedged item. When it is determined that a derivative ceases to be highly effective, the Company discontinues hedge accounting.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. During 2017, there were no material changes in the methods or policies used to establish estimates and assumptions. Other matters subject to estimation and judgment include amounts related to accounts receivable realization, inventory obsolescence, asset impairments, useful lives of fixed and intangible assets and unsettled pricing discussions with customers and suppliers (Note 2, "Summary of Significant Accounting Policies"); acquisitions (Note 3, "Acquisitions"); restructuring accruals (Note 4, "Restructuring"); deferred tax asset valuation allowances and income taxes (Note 7, "Income Taxes"); pension and other postretirement benefit plan assumptions (Note 8, "Pension and Other Postretirement Benefit Plans"); accruals related to litigation, warranty and environmental remediation costs (Note 11, "Commitments and Contingencies"); and self-insurance accruals. Actual results may differ significantly from the Company's estimates.

Reclassifications

Certain amounts in prior years' financial statements have been reclassified to conform to the presentation used in the year ended December 31, 2017.

(3) Acquisitions

Grupo Antolin Seating

On April 28, 2017, the Company completed the acquisition of Grupo Antolin's automotive seating business ("Antolin Seating") for $292.4 million, net of cash acquired. Antolin Seating is headquartered in France with operations in five countries in Europe and North Africa. The Antolin Seating business is comprised of just-in-time seat assembly, as well as seat structures, mechanisms and seat covers, with annual sales of approximately $485 million. In addition, the Company incurred transaction costs of $3.0 million related to advisory services, which were expensed as incurred and are recorded in selling, general and administrative expenses in the accompanying consolidated statement of income for the year ended December 31, 2017.

The Antolin Seating acquisition was accounted for as a business combination, and accordingly, the assets acquired and liabilities assumed are included in the accompanying consolidated balance sheet as of December 31, 2017. The operating results and cash flows of Antolin Seating are included in the accompanying consolidated financial statements from the date of acquisition and in the Company's Seating segment. The purchase price and preliminary allocation are shown below (in millions):

Net purchase price	$	292.4
Property, plant and equipment	$	79.2
Other assets purchased and liabilities assumed, net		(31.5)
Goodwill		123.3
Intangible assets		121.4
Preliminary purchase price allocation	$	292.4

Recognized goodwill is attributable to the assembled workforce, expected synergies and other intangible assets that do not qualify for separate recognition.

Intangible assets consist of provisional amounts recognized for the fair value of customer-based assets and were based on an independent appraisal. Customer-based assets include Antolin Seating's established relationships with its customers and the ability of these customers to generate future economic profits for the Company. It is currently estimated that these intangible assets have a weighted average useful life of approximately fifteen years.

The purchase price allocation is preliminary and will be revised as a result of additional information regarding the assets acquired and liabilities assumed, including, but not limited to, certain tax attributes and contingent liabilities.

The pro-forma effects of this acquisition do not materially impact the Company's reported results for any period presented.

For further information related to acquired assets measured at fair value, see Note 13, "Financial Instruments."

AccuMED

On December 21, 2016, the Company completed the acquisition of 100% of the outstanding equity interests of AccuMED Holdings Corp. ("AccuMED"), a privately-held developer and manufacturer of specialty fabrics, for $148.5 million, net of cash acquired. AccuMED has annual sales of approximately $80 million.

The AccuMED acquisition was accounted for as a business combination, and accordingly, the assets acquired and liabilities assumed are included in the accompanying consolidated balance sheets as of December 31, 2017 and 2016. The operating results and cash flows of AccuMED are included in the accompanying consolidated financial statements from the date of acquisition and in the Company's Seating segment. The purchase price and allocation are shown below (in millions):

Purchase price paid, net of cash acquired	$	148.5
Property, plant and equipment	$	10.5
Other assets purchased and liabilities assumed, net		6.5
Goodwill		78.5
Intangible assets		53.0
Purchase price allocation	$	148.5

Recognized goodwill is attributable to the assembled workforce, expected synergies and other intangible assets that do not qualify for separate recognition.

Intangible assets consist of amounts recognized for the fair value of customer-based assets and were based on an independent appraisal. Customer-based assets include AccuMED's established relationships with its customers and the ability of these customers to generate future economic profits for the Company. It is estimated that these intangible assets have a weighted average useful life of approximately thirteen years.

The pro-forma effects of this acquisition would not materially impact the Company's reported results for any period presented.

For further information on acquired assets measured at fair value, see Note 13, "Financial Instruments."

Eagle Ottawa

On January 5, 2015, the Company completed the acquisition of 100% of the outstanding equity interests of Everett Smith Group, Ltd., the parent company of Eagle Ottawa, LLC ("Eagle Ottawa") for a purchase price of $843.9 million, net of cash acquired. Eagle Ottawa is a leading provider of leather for the automotive industry. The Eagle Ottawa acquisition was accounted for as a business combination.

Subsequent Event

On January 10, 2018, the Company completed the acquisition of Israel-based EXO Technologies ("EXO"), a leading developer of differentiated GPS technology providing high-accuracy positioning solutions for autonomous and connected vehicle applications. EXO has operations in San Mateo, California and Tel Aviv, Israel. EXO Technologies has developed core technology that addresses the need for high-accuracy positioning of a vehicle. Its proprietary technology works with existing GPS receivers to provide centimeter-level accuracy anywhere on the globe without the need for terrestrial base-station networks. The integration of EXO's technology with the Company's vehicle and connectivity expertise enables an industry-leading vehicle positioning solution.

The EXO acquisition will be accounted for as a business combination, and the assets acquired and liabilities assumed will be recognized and measured at fair value as of the acquisition date. The operating results and cash flows of EXO will be included in the consolidated financial statements from the acquisition date. The Company is preparing the preliminary estimates of the fair values of the assets acquired and liabilities assumed, which will be included in the Company's Quarterly Report on Form 10-Q for the period ending March 31, 2018. The EXO acquisition is not a material business combination.

(4) Restructuring

2017

In 2017, the Company recorded charges of $72.6 million in connection with its restructuring actions. These charges consist of $59.2 million recorded as cost of sales, $14.3 million recorded as selling, general and administrative expenses and $0.9 million recorded as other income. The restructuring charges consist of employee termination benefits of $62.9 million, asset impairment charges of $1.3 million, pension benefit plan curtailment and settlement losses of $1.7 million and other contract termination costs of $1.7 million, as well as other related costs of $5.0 million. Employee termination benefits were recorded based on existing union and employee contracts, statutory requirements, completed negotiations and Company policy. Asset impairment charges relate to the disposal of buildings, leasehold improvements and machinery and equipment with carrying values $1.3 million in excess of related estimated fair values. The Company expects to incur approximately $21 million of additional restructuring costs related to activities initiated as of December 31, 2017, and expects that the components of such costs will be consistent with its historical experience. Any future restructuring actions will depend upon market conditions, customer actions and other factors.

A summary of 2017 activity, excluding the pension benefit plan curtailment and settlement losses of $1.7 million, is shown below (in millions):

	Accrual as of January 1, 2017	2017 Charges	Utilization		Accrual as of December 31, 2017
			Cash	Non-cash	
Employee termination benefits	$ 69.4	$ 62.9	$ (39.3)	$ —	$ 93.0
Asset impairments	—	1.3	—	(1.3)	—
Contract termination costs	4.6	1.7	(1.3)	—	5.0
Other related costs	—	5.0	(5.0)	—	—
Total	$ 74.0	$ 70.9	$ (45.6)	$ (1.3)	$ 98.0

2016

In 2016, the Company recorded charges of $63.6 million in connection with its restructuring actions. These charges consist of $55.4 million recorded as cost of sales, $8.5 million recorded as selling, general and administrative expenses and $0.3 million recorded as other income. The restructuring charges consist of employee termination benefits of $54.1 million, asset impairment charges of $4.7 million and contract termination costs of $0.1 million, as well as other related costs of $4.7 million. Employee termination benefits were recorded based on existing union and employee contracts, statutory requirements, completed negotiations and Company policy. Asset impairment charges relate to the disposal of buildings, leasehold improvements and machinery and equipment with carrying values $4.7 million in excess of related estimated fair values.

A summary of 2016 activity is shown below (in millions):

	Accrual as of	2016	Utilization		Accrual as of
	January 1, 2016	Charges	Cash	Non-cash	December 31, 2016
Employee termination benefits	$ 66.5	$ 54.1	$ (51.2)	$ —	$ 69.4
Asset impairments	—	4.7	—	(4.7)	—
Contract termination costs	5.3	0.1	(0.8)	—	4.6
Other related costs	—	4.7	(4.7)	—	—
Total	$ 71.8	$ 63.6	$ (56.7)	$ (4.7)	$ 74.0

2015

In 2015, the Company recorded charges of $88.8 million in connection with its restructuring actions. These charges consist of $68.4 million recorded as cost of sales, $18.4 million recorded as selling, general and administrative expenses and $2.0 million recorded as other expense. The restructuring charges consist of employee termination benefits of $70.0 million, asset impairment charges of $3.9 million, a pension benefit plan curtailment loss of $7.7 million and other contract termination costs $1.7 million, as well as other related costs of $5.5 million. Employee termination benefits were recorded based on existing union and employee contracts, statutory requirements, completed negotiations and Company policy. Asset impairment charges relate to the disposal of buildings, leasehold improvements and machinery and equipment with carrying values of $3.9 million in excess of related estimated fair values.

A summary of 2015 activity, excluding the pension benefit plan curtailment loss of $7.7 million, is shown below (in millions):

	Accrual as of	2015	Utilization		Accrual as of
	January 1, 2015	Charges	Cash	Non-cash	December 31, 2015
Employee termination benefits	$ 45.1	$ 70.0	$ (48.6)	$ —	$ 66.5
Asset impairments	—	3.9	—	(3.9)	—
Contract termination costs	5.1	1.7	(1.5)	—	5.3
Other related costs	—	5.5	(3.5)	(2.0)	—
Total	$ 50.2	$ 81.1	$ (53.6)	$ (5.9)	$ 71.8

(5) Investments in Affiliates and Other Related Party Transactions

The Company’s beneficial ownership in affiliates accounted for under the equity method is shown below:

December 31,	2017	2016	2015
Beijing BHAP Lear Automotive Systems Co., Ltd. (China)	50%	50%	50%
Dong Kwang Lear Yuhan Hoesa (Korea)	50	50	50
Industrias Cousin Freres, S.L. (Spain)	50	50	50
Jiangxi Jiangling Lear Interior Systems Co., Ltd. (China)	50	50	50
Lear Dongfeng Automotive Seating Co., Ltd. (China)	50	50	50
Changchun Lear FAWSN Automotive Electrical and Electronics Co., Ltd. (China)	49	49	49
Changchun Lear FAWSN Automotive Seat Systems Co., Ltd. (China)	49	49	49
Honduras Electrical Distribution Systems S. de R.L. de C.V. (Honduras)	49	49	49
Kyungshin-Lear Sales and Engineering LLC	49	49	49
eLumigen, LLC	46	46	30
Beijing Lear Dymos Automotive Systems Co., Ltd. (China)	40	40	40
Dymos Lear Automotive India Private Limited (India)	35	35	35
RevoLaze, LLC	20	20	20
HB Polymer Company, LLC	10	10	10
Shanghai Lear STEC Automotive Parts Co., Ltd. (China)	—	55	55
Beijing BAI Lear Automotive Systems Co., Ltd. (China)	—	—	50

Summarized group financial information for affiliates accounted for under the equity method as of December 31, 2017 and 2016, and for the years ended December 31, 2017, 2016 and 2015, is shown below (unaudited; in millions):

December 31,	2017	2016
Balance sheet data:		
Current assets	$ 961.4	$ 1,011.0
Non-current assets	203.0	197.3
Current liabilities	813.0	850.5
Non-current liabilities	26.1	26.6

For the year ended December 31,	2017	2016	2015
Income statement data:			
Net sales	$ 2,000.4	$ 2,186.4	$ 2,087.8
Gross profit	172.8	200.6	155.5
Income before provision for income taxes	169.6	195.3	127.4
Net income attributable to affiliates	117.8	155.4	96.0

A summary of amounts recorded in the Company's consolidated balance sheets related to its affiliates is shown below (in millions):

December 31,	2017	2016
Aggregate investment in affiliates	$ 146.5	$ 153.5
Receivables due from affiliates (including notes and advances)	140.7	121.8
Payables due to affiliates	0.2	4.3

A summary of transactions with affiliates accounted for under the equity method and other related parties is shown below (in millions):

For the year ended December 31,	2017	2016	2015
Sales to affiliates	$ 499.9	$ 147.0	$ 198.5
Purchases from affiliates	9.5	17.8	26.3
Management and other fees for services provided to affiliates	26.6	25.3	36.8
Dividends received from affiliates	33.0	35.6	54.1

The Company's investment in HB Polymer Company, LLC is accounted for under the equity method as the Company's interest in this entity is similar to a partnership interest.

2017

On September 8, 2017, the Company gained control of Shanghai Lear STEC Automotive Parts Co., Ltd. ("Lear STEC") by amending the joint venture agreement to eliminate the substantive participating rights of its joint venture partner. Prior to the amendment, Lear STEC was accounted for under the equity method. This transaction was accounted for as a business combination, and accordingly, the assets acquired and liabilities assumed are included in the accompanying consolidated balance sheet as of December 31, 2017. The operating results and cash flows of Lear STEC are included in the accompanying consolidated financial statements from the date of the amended joint venture agreement and are reflected in the Company's E-Systems segment.

A preliminary summary of the fair value of the assets acquired and liabilities assumed in conjunction with the transaction is shown below (in millions):

Property, plant and equipment	$ 16.2
Other assets and liabilities assumed, net	42.4
Goodwill	94.4
Intangible assets	66.0
	$ 219.0

Recognized goodwill is attributable to the assembled workforce, expected synergies and other intangible assets that do not qualify for separate recognition.

Intangible assets consist of amounts recognized for the fair value of customer-based assets and were based on an independent appraisal. Customer-based assets include Lear STEC's established relationships with its customers and the ability of these customers to generate future economic profits for the Company. It is currently estimated that these intangible assets have a weighted average useful life of approximately twelve years.

The fair values of the assets acquired and liabilities assumed in conjunction with the transaction contain preliminary estimates that may be revised as a result of additional information regarding such assets and liabilities.

As of the date of the transaction, the fair value of the Company's previously held equity interest in Lear STEC was $94.0 million, and the fair value of the noncontrolling interest in Lear STEC was $125.0 million. As a result of valuing the Company's previously held equity interest in Lear STEC at fair value, the Company recognized a gain of $54.2 million which is included in other (income) expense, net in the accompanying consolidated statements of income for the year ended December 31, 2017.

In connection with the transaction, the noncontrolling interest holder obtained the option, which is embedded in the noncontrolling interest, to require the Company to purchase or redeem the 45% noncontrolling interest based on a pre-determined earnings multiple formula. In accordance with GAAP, the Company records redeemable noncontrolling interests at the greater of (1) the initial carrying amount adjusted for the noncontrolling interest holder's share of total comprehensive income or loss and dividends ("noncontrolling interest carrying value") or (2) the redemption value as of and based on conditions existing as of the reporting date. Required redemption adjustments are recorded as an increase to redeemable noncontrolling interests, with an offsetting adjustment to retained earnings. The redeemable noncontrolling interest is classified in mezzanine equity in the accompanying consolidated balance sheet as of December 31, 2017.

Redemption value of a noncontrolling interest in excess of carrying value represents a dividend distribution that is different from dividend distributions to other common stockholders. Therefore, periodic redemption adjustments recorded in excess of carrying value are reflected as a reduction to the income available to common stockholders in the computation of earnings per

share. Redeemable noncontrolling interest of $153.4 million related to Lear STEC is reflected in the Company's consolidated balance sheet as of December 31, 2017. This amount includes a noncontrolling interest redemption adjustment of $25.5 million, representing the difference between the redemption value and carrying value.

Lear STEC's annual sales are approximately $280 million. Lear STEC provides wire harnesses to SAIC Motor Corporation Limited and its joint ventures with both North American and European automotive manufacturers. The pro forma effects of this consolidation would not materially impact the Company's reported results for any period presented.

For further information related to the redemption adjustment, see Note 9, "Capital Stock, Accumulated Other Comprehensive Loss and Equity." For further information related to acquired assets measured at fair value, see Note 13, "Financial Instruments."

2016

On June 21, 2016, the Company gained control of Beijing BAI Lear Automotive Systems Co., Ltd. ("Beijing BAI") by amending the joint venture agreement to eliminate the substantive participating rights of its joint venture partner. Prior to the amendment, Beijing BAI was accounted for under the equity method. This transaction was accounted for as a business combination, and accordingly, the assets acquired and liabilities assumed are included in the accompanying consolidated balance sheets as of December 31, 2017 and 2016. The operating results and cash flows of Beijing BAI are included in the accompanying consolidated financial statements from the date of the amended joint venture agreement and are reflected in the Company's Seating segment.

A summary of the fair value of the assets acquired and liabilities assumed in conjunction with the transaction is shown below (in millions):

Property, plant and equipment	$	20.7
Other assets and liabilities assumed, net		42.1
Goodwill		7.2
Intangible assets		34.0
	$	104.0

Recognized goodwill is attributable to the assembled workforce, expected synergies and other intangible assets that do not qualify for separate recognition.

Intangible assets consist of amounts recognized for the fair value of customer-based assets and were based on an independent appraisal. Customer-based assets include Beijing BAI's established relationships with its customers and the ability of these customers to generate future economic profits for the Company. It is estimated that these intangible assets have a weighted average useful life of approximately eight years.

As of the date of the transaction, the fair value of the Company's previously held equity interest in Beijing BAI was $63.0 million, and the fair value of the noncontrolling interest in Beijing BAI was $41.0 million. As a result of valuing the Company's previously held equity interest in Beijing BAI at fair value, the Company recognized a gain of $30.3 million, which is included in other (income) expense, net in the accompanying consolidated statement of income for the year ended December 31, 2016.

For further information related to acquired assets measured at fair value, see Note 13, "Financial Instruments."

Also in 2016, the Company acquired an additional ownership interest in eLumigen LLC, thereby increasing its ownership interest to 46% from 30%.

Subsequent Event

In January 2018, the Company gained control of Changchun Lear FAWSN Automotive Electrical and Electronics Co., Ltd. ("Lear FAWSN") by acquiring an additional 20% interest from a joint venture partner and by amending the joint venture agreement to eliminate the substantive participating rights of the remaining joint venture partner. Prior to the amendment, Lear FAWSN was accounted for under the equity method.

This transaction will be accounted for as a business combination, and the assets acquired and liabilities assumed will be recognized and measured at fair value as of the transaction date. The operating results and cash flows of Lear FAWSN will be included in the consolidated financial statements from the transaction date. The Company is preparing the preliminary estimates of the fair values of the assets acquired and liabilities assumed, which will be included in the Company's Quarterly Report on Form 10-Q for the period ending March 31, 2018. The gain, if any, on the Company's previously held equity interest in Lear FAWSN is not expected to be material.

(6) Debt

Short-Term Borrowings

The Company utilizes committed and uncommitted lines of credit as needed for its short-term working capital fluctuations. As of December 31, 2017 and 2016, the Company had lines of credit from banks totaling $47.5 million and $21.4 million, respectively. As of December 31, 2017, the Company had no short-term debt balances outstanding related to draws on the lines of credit. As of December 31, 2016, the Company's short-term debt balance was $8.6 million related to draws on the lines of credit.

Long-Term Debt

A summary of long-term debt, net of unamortized debt issuance costs, and the related weighted average interest rates is shown below (in millions):

December 31,	2017				2016			
Debt Instrument	Long-Term Debt	Debt Issuance Costs [2]	Long-Term Debt, Net	Weighted Average Interest Rate	Long-Term Debt	Debt Issuance Costs [2]	Long-Term Debt, Net	Weighted Average Interest Rate
Credit Agreement — Term Loan Facility	$ 248.4	$ (1.8)	$ 246.6	3.000%	$ 468.7	$ (1.6)	$ 467.1	2.105%
4.75% Senior Notes due 2023 ("2023 Notes")	—	—	—	N/A	500.0	(4.8)	495.2	4.75%
5.375% Senior Notes due 2024 ("2024 Notes")	325.0	(2.4)	322.6	5.375%	325.0	(2.8)	322.2	5.375%
5.25% Senior Notes due 2025 ("2025 Notes")	650.0	(5.8)	644.2	5.25%	650.0	(6.6)	643.4	5.25%
3.8% Senior Notes due 2027 ("2027 Notes") [1]	744.9	(5.9)	739.0	3.885%	—	—	—	N/A
Other	8.1	—	8.1	N/A	5.7	—	5.7	N/A
	$ 1,976.4	$ (15.9)	1,960.5		$ 1,949.4	$ (15.8)	1,933.6	
Less — Current portion			(9.0)				(35.6)	
Long-term debt			$ 1,951.5				$ 1,898.0	

(1) Net of unamortized discount of $5.1 million
(2) Unamortized portion

Senior Notes

The issuance, maturity and interest payable dates of the Company's senior unsecured 2024 Notes, 2025 Notes and 2027 Notes (collectively, the "Notes") are as shown below:

Note	Issuance Date	Maturity Date	Interest Payable Dates
2024 Notes	March 2014	March 15, 2024	March 15 and September 15
2025 Notes	November 2014	January 15, 2025	January 15 and July 15
2027 Notes	August 2017	September 15, 2027	March 15 and September 15

2024 Notes

The proceeds from the 2024 Notes offering of $325 million, net of related issuance costs of $3.9 million, together with existing cash on hand, were used to redeem the remaining outstanding aggregate principal amount of the Company's senior notes due 2018 ($280 million) and to redeem 10% of the original aggregate principal amount at maturity of the Company's senior notes due 2020 ("2020 Notes") ($35 million) at stated redemption prices, plus accrued and unpaid interest to the respective redemption dates.

The Company may redeem the 2024 Notes, in whole or in part, on or after March 15, 2019, at the redemption prices set forth below, plus accrued and unpaid interest to the redemption date.

Twelve-Month Period Commencing March 15,	2024 Notes
2019	102.688%
2020	101.792%
2021	100.896%
2022 and thereafter	100.000%

Prior to March 15, 2019, the Company may redeem the 2024 Notes, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount thereof, plus a "make-whole" premium as of, and accrued and unpaid interest to, the redemption date.

2025 Notes

Of the $650 million of proceeds from the 2025 Notes offering, net of related issuance costs of $8.4 million, $250 million was restricted for the redemption of the remaining outstanding aggregate principal amount of the 2020 Notes ($245 million) and $350 million was restricted to finance, in part, the acquisition of Eagle Ottawa (Note 3, "Acquisitions"). In January 2015, the Company used $350 million of restricted cash proceeds from the offering, along with $500 million in borrowings under the prior term loan facility (see "— Credit Agreement" below), to finance the acquisition of Eagle Ottawa. In March 2015, the Company redeemed the 2020 Notes at a price equal to 104.063% of the principal amount thereof, plus accrued and unpaid interest to the redemption date. In connection with this transaction, the Company paid $255.0 million, including $250 million of restricted cash proceeds from the offering, and recognized a loss of $14.3 million on the extinguishment of debt in the year ended December 31, 2015. The use of restricted cash for the acquisition of Eagle Ottawa and the redemption of the 2020 Notes is reflected as non-cash investing and financing activities, respectively, in the accompanying consolidated statement of cash flows for the year ended December 31, 2015. The remaining proceeds from the offering were used for general corporate purposes, including the payment of fees and expenses associated with the acquisition of Eagle Ottawa and related financing transactions.

The Company may redeem the 2025 Notes, in whole or in part, on or after January 15, 2020, at the redemption prices set forth below, plus accrued and unpaid interest to the redemption date.

Twelve-Month Period Commencing January 15,	2025 Notes
2020	102.625%
2021	101.750%
2022	100.875%
2023 and thereafter	100.000%

Prior to January 15, 2020, the Company may redeem the 2025 Notes, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount thereof, plus a "make-whole" premium as of, and accrued and unpaid interest to, the redemption date.

2027 Notes

In 2017, the Company issued $750.0 million in aggregate principal amount at maturity of 2027 Notes at a stated coupon rate of 3.8%. The 2027 Notes were priced at 99.294% of par, resulting in a yield to maturity of 3.885%. The proceeds from the offering of $744.7 million, after original issue discount, were used to redeem the outstanding $500.0 million in aggregate principal amount of the 2023 Notes at a redemption price equal to 100% of the aggregate principal amount thereof, plus a "make-whole" premium of $17.0 million, as well as to refinance a portion of the Company's $500.0 million prior term loan facility (see "— Credit Agreement" below). In connection with these transactions, the Company recognized a loss of $21.2 million on the extinguishment of debt and paid related issuance costs of $6.0 million.

Prior to June 15, 2027, the Company, at its option, may redeem some or all of the 2027 Notes at a redemption price equal to 100% of the principal amount thereof, plus a "make-whole" premium as of, and accrued and unpaid interest to, the redemption date. At any time on or after June 15, 2027, but prior to the maturity date of September 15, 2027, the Company, at its option, may redeem some or all of the 2027 Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date.

Guarantees

The Notes are senior unsecured obligations. As discussed further in "— Credit Agreement" below, upon termination of the Company's prior credit agreement, the subsidiaries that previously guaranteed the 2024 Notes and 2025 Notes were automatically released as guarantors. There are currently no guarantors of the Company's obligations under the Notes.

Covenants

Subject to certain exceptions, the indentures governing the Notes contain restrictive covenants that, among other things, limit the ability of the Company to: (i) create or permit certain liens and (ii) consolidate, merge or sell all or substantially all of the Company's assets. The indenture governing the 2024 Notes limits the ability of the Company to enter into sale and leaseback transactions. The indentures governing the Notes also provide for customary events of default.

As of December 31, 2017, the Company was in compliance with all covenants under the indentures governing the Notes.

Credit Agreement

In August 2017, the Company entered into a new unsecured credit agreement (the "Credit Agreement") consisting of a $1.75 billion revolving credit facility ("Revolving Credit Facility") and a $250.0 million term loan facility (the "Term Loan Facility"), both of which mature on August 8, 2022. In connection with this transaction, the Company borrowed $250.0 million under the Term Loan Facility and paid related issuance costs of $5.7 million. At the same time, the Company terminated its previously existing credit agreement, which consisted of a $1.25 billion revolving credit facility and a $500 million term loan facility, and repaid amounts outstanding under the term loan facility of $453.1 million. Together with the offering of the 2027 Notes, these transactions extended the Company's maturity profile and increased its operational flexibility and borrowing capacity.

In 2017, aggregate borrowings and repayments under the Revolving Credit Facility and prior revolving credit facility were $109.5 million. In 2016, there were no borrowings or repayments under the prior revolving credit facility. In 2015, aggregate borrowings and repayments under the prior revolving credit facility were $48.0 million. As of December 31, 2017 and 2016, there were no borrowings outstanding under the Revolving Credit Facility and prior revolving credit facility, respectively.

In 2017, the Company made required principal payments of $1.6 million under the Term Loan Facility. In addition, the Company made principal payments of $468.7 million under the prior term loan facility, which include payments of $453.1 million made in connection with Credit Agreement described above. In 2016, the Company made required principal payments of $21.9 million under the prior term loan facility.

Advances under the Revolving Credit Facility and the Term Loan Facility generally bear interest based on (i) the Eurocurrency Rate (as defined in the Credit Agreement) or (ii) the Base Rate (as defined in the Credit Agreement) plus a margin, determined in accordance with a pricing grid. As of December 31, 2017, the ranges and rates are as follows (in percentages):

	Eurocurrency Rate			Base Rate		
	Minimum	Maximum	Rate as of December 31, 2017	Minimum	Maximum	Rate as of December 31, 2017
Revolving Credit Agreement	1.00%	1.60%	1.30%	0.00%	0.60%	0.30%
Term Loan Facility	1.125%	1.90%	1.50%	0.125%	0.90%	0.50%

A facility fee, which ranges from 0.125% to 0.30% of the total amount committed under the Revolving Credit Facility, is payable quarterly.

Guarantees

The Credit Agreement eliminated the subsidiary guarantees required under the Company's prior credit agreement. There are currently no guarantors of the Company's obligations under the Credit Agreement.

Covenants

The Credit Agreement contains various customary representations, warranties and covenants by the Company, including, without limitation, (i) covenants regarding maximum leverage, (ii) limitations on fundamental changes involving the Company or its subsidiaries and (iii) limitations on indebtedness and liens. As of December 31, 2017, the Company was in compliance with all covenants under the Credit Agreement.

Other

As of December 31, 2017, other long-term debt consists of amounts outstanding under capital leases.

Scheduled Maturities

As of December 31, 2017, scheduled maturities related to the Credit Agreement — Term Loan Facility for the five succeeding years, as of the date of this Report, are shown below (in millions):

2018	$	6.3
2019		7.8
2020		14.0
2021		14.0
2022		206.3

(7) Income Taxes

A summary of consolidated income before provision for income taxes and equity in net income of affiliates and the components of provision for income taxes is shown below (in millions):

For the year ended December 31,		2017		2016		2015
Consolidated income before provision for income taxes and equity in net income of affiliates:						
Domestic	$	449.5	$	457.3	$	344.7
Foreign		1,077.2		881.0		686.8
	$	1,526.7	$	1,338.3	$	1,031.5
Domestic (benefit) provision for income taxes:						
Current provision	$	25.8	$	46.6	$	45.4
Deferred (benefit) provision		(46.1)		99.2		55.0
Total domestic (benefit) provision		(20.3)		145.8		100.4
Foreign provision for income taxes:						
Current provision		253.0		220.0		191.5
Deferred (benefit) provision		(35.2)		4.4		(6.4)
Total foreign provision		217.8		224.4		185.1
Provision for income taxes	$	197.5	$	370.2	$	285.5

The domestic (benefit) provision includes withholding taxes related to dividends and royalties paid by the Company's foreign subsidiaries, as well as state and local taxes. In 2017, 2016 and 2015, the foreign deferred (benefit) provision includes the benefit of prior unrecognized net operating loss carryforwards of $11.5 million, $5.4 million and $1.7 million, respectively.

A summary of the differences between the provision for income taxes calculated at the United States federal statutory income tax rate of 35% and the consolidated provision for income taxes is shown below (in millions):

For the year ended December 31,	2017	2016	2015
Consolidated income before provision for income taxes and equity in net income of affiliates multiplied by the United States federal statutory income tax rate	$ 534.4	$ 468.4	$ 361.0
Differences in income taxes on foreign earnings, losses and remittances	(128.9)	(43.9)	(79.2)
Valuation allowance adjustments	(56.8)	(44.2)	24.6
Tax credits	(26.8)	(2.7)	(5.7)
Repatriation of certain foreign earnings	(289.7)	—	—
Transition tax on accumulated foreign earnings	131.0	—	—
U.S. tax rate change and other tax reform items	42.5	—	—
Tax audits and assessments	(1.4)	(1.8)	0.7
Other	(6.8)	(5.6)	(15.9)
Provision for income taxes	$ 197.5	$ 370.2	$ 285.5

For the years ended December 31, 2017, 2016 and 2015, income in foreign jurisdictions with tax holidays was $124.1 million, $89.7 million and $72.2 million, respectively. Such tax holidays generally expire from 2018 through 2027.

Deferred income taxes represent temporary differences in the recognition of certain items for financial reporting and income tax purposes. A summary of the components of the net deferred income tax asset is shown below (in millions):

December 31,	2017	2016
Deferred income tax assets:		
Tax loss carryforwards	$ 452.9	$ 485.1
Tax credit carryforwards	341.0	187.9
Retirement benefit plans	58.2	89.4
Accrued liabilities	144.1	158.2
Self-insurance reserves	5.9	8.4
Current asset basis differences	37.4	44.6
Long-term asset basis differences	(88.1)	(77.3)
Deferred compensation	41.4	57.3
Recoverable customer engineering, development and tooling	3.6	(6.9)
Undistributed earnings of foreign subsidiaries	(41.7)	(62.4)
Derivative instruments and hedging activities	3.3	20.1
Other	(0.4)	0.6
	957.6	905.0
Valuation allowance	(402.2)	(445.6)
Net deferred income tax asset	$ 555.4	$ 459.4

As of December 31, 2017 and 2016, the valuation allowance with respect to the Company’s deferred tax assets was $402.2 million and $445.6 million, respectively, a net decrease of $43.4 million.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence, such as cumulative losses in recent years, which is objective and verifiable. When measuring cumulative losses in recent years, the Company uses a rolling three-year period of pretax book income, adjusted for permanent differences between book and taxable income and certain other items. As of December 31, 2017, the Company continues to maintain a valuation allowance of $20.9 million with respect to certain U.S. deferred tax assets that, due to their nature, are not likely to be realized. In addition, the Company continues to maintain a valuation allowance of $381.3 million with respect to its deferred tax assets in several international jurisdictions.

The classification of the net deferred income tax asset is shown below (in millions):

December 31,		2017		2016
Long-term deferred income tax assets	$	646.8	$	504.4
Long-term deferred income tax liabilities		(91.4)		(45.0)
Net deferred income tax asset	$	555.4	$	459.4

As of December 31, 2017, deferred income taxes have not been provided on the undistributed earnings of the Company's foreign subsidiaries since all of these earnings are subject to the one-time transition tax and are not taxable upon repatriation to the United States. However, the Company continues to provide a deferred tax liability for foreign withholding tax that will be incurred with respect to the undistributed foreign earnings that are not permanently reinvested.

As of December 31, 2017, the Company had tax loss carryforwards of $1.9 billion. Of the total tax loss carryforwards, $1.5 billion have no expiration date, and $342.0 million expire between 2018 and 2037. In addition, the Company had tax credit carryforwards of $341.0 million, comprised principally of U.S. foreign tax credits, research and development credits and investment tax credits that generally expire between 2018 and 2037.

On January 1, 2017, the Company adopted Accounting Standards Update ("ASU") 2016-09, "Improvements to Employee Share-Based Payment Accounting." The new standard requires that the tax impact related to the difference between share-based compensation for book and tax purposes be recognized as income tax benefit or expense in the Company's consolidated statement of comprehensive income in the reporting period in which such awards vest. The standard also required a modified retrospective adoption for previously unrecognized excess tax benefits. Accordingly, the Company recognized a deferred tax asset of $52.9 million and a corresponding credit to retained earnings in conjunction with the adoption. The effects of adopting the other provisions of ASU 2016-09 were not significant.

As of December 31, 2017 and 2016, the Company's gross unrecognized tax benefits were $33.2 million and $29.5 million (excluding interest and penalties), respectively, all of which, if recognized, would affect the Company's effective tax rate. The gross unrecognized tax benefits are recorded in other long-term liabilities.

A summary of the changes in gross unrecognized tax benefits is shown below (in millions):

For the year ended December 31,		2017		2016		2015
Balance at beginning of period	$	29.5	$	30.4	$	39.7
Additions based on tax positions related to current year		5.4		4.0		5.0
Reductions based on tax positions related to prior years		(0.3)		(0.9)		(0.2)
Settlements		(0.8)		—		(12.3)
Statute expirations		(2.2)		(2.9)		(0.6)
Foreign currency translation		1.6		(1.1)		(1.2)
Balance at end of period	$	33.2	$	29.5	$	30.4

The Company recognizes interest and penalties with respect to unrecognized tax benefits as income tax expense. As of December 31, 2017 and 2016, the Company had recorded gross reserves of $9.9 million and $7.8 million, respectively, related to interest and penalties, all of which, if recognized, would affect the Company's effective tax rate.

The Company operates in multiple jurisdictions throughout the world, and its tax returns are periodically audited or subject to review by both domestic and foreign tax authorities. During the next twelve months, it is reasonably possible that, as a result of audit settlements, the conclusion of current examinations and the expiration of the statute of limitations in multiple jurisdictions, the Company may decrease the amount of its gross unrecognized tax benefits by $2.2 million, all of which, if recognized, would affect the Company's effective tax rate. The gross unrecognized tax benefits subject to potential decrease involve issues related to transfer pricing and various other tax items in multiple jurisdictions. However, as a result of ongoing examinations, tax proceedings in certain countries, additions to the gross unrecognized tax benefits for positions taken and interest and penalties, if any, arising in 2018, it is not possible to estimate the potential net increase or decrease to the Company's gross unrecognized tax benefits during the next twelve months.

The Company considers its significant tax jurisdictions to include China, Germany, Hungary, Italy, Mexico, Poland, Spain, the United Kingdom and the United States. The Company or its subsidiaries generally remain subject to income tax examination in certain U.S. state and local jurisdictions for years after 2012. Further, the Company or its subsidiaries remain subject to income tax examination in Spain for years after 2005, in Mexico for years after 2006, in Hungary and Poland for years after 2011, in

Italy generally for years after 2012, in China and the United Kingdom for years after 2013 and in the United States generally for years after 2016.

(8) Pension and Other Postretirement Benefit Plans

The Company has noncontributory defined benefit pension plans covering certain domestic employees and certain employees in foreign countries, principally Canada. The Company's salaried pension plans provide benefits based on final average earnings formulas. The Company's hourly pension plans provide benefits under flat benefit and cash balance formulas. The Company also has contractual arrangements with certain employees which provide for supplemental retirement benefits. In general, the Company's policy is to fund its pension benefit obligation based on legal requirements, tax and liquidity considerations and local practices.

The Company has postretirement benefit plans covering certain domestic and Canadian employees. The Company's postretirement benefit plans generally provide for the continuation of medical benefits for all eligible employees who complete a specified number of years of service and retire from the Company at age 55 or older. The Company does not fund its postretirement benefit obligation. Rather, payments are made as costs are incurred by covered retirees.

Obligations and Funded Status

A reconciliation of the change in benefit obligation and the change in plan assets for the years ended December 31, 2017 and 2016, is shown below (in millions):

	Pension				Other Postretirement			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Change in benefit obligation:								
Benefit obligation at beginning of period	$ 548.2	$ 442.5	$ 686.6	$ 427.4	$ 64.7	$ 38.8	$ 78.9	$ 36.5
Service cost	5.0	7.3	5.6	6.5	0.1	0.5	0.2	0.5
Interest cost	21.8	15.0	29.8	15.8	2.4	1.5	3.2	1.6
Actuarial (gain) loss	8.6	11.7	3.5	27.4	(4.5)	(0.7)	(12.8)	0.8
Benefits paid	(25.6)	(23.6)	(22.4)	(29.1)	(4.0)	(1.6)	(4.8)	(1.9)
Lump sum payout [(1)]	—	—	(154.9)	—	—	—	—	—
Curtailment	—	0.8	—	—	(2.1)	(0.2)	—	—
Special termination benefits	—	—	—	—	—	0.1	—	0.3
Translation adjustment	—	36.9	—	(5.5)	—	2.8	—	1.0
Benefit obligation at end of period	$ 558.0	$ 490.6	$ 548.2	$ 442.5	$ 56.6	$ 41.2	$ 64.7	$ 38.8

Lear Corporation and Subsidiaries
Notes to Consolidated Financial Statements (continued)

	Pension				Other Postretirement			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Change in plan assets:								
Fair value of plan assets at beginning of period	$ 412.6	$ 367.1	$ 522.1	$ 368.2	$ —	$ —	$ —	$ —
Actual return on plan assets	49.1	28.2	30.2	21.1	—	—	—	—
Employer contributions	2.1	7.5	37.6	8.5	4.0	1.6	4.8	1.9
Benefits paid	(25.6)	(23.6)	(22.4)	(29.1)	(4.0)	(1.6)	(4.8)	(1.9)
Lump sum payout [(1)]	—	—	(154.9)	—	—	—	—	—
Translation adjustment	—	27.2	—	(1.6)	—	—	—	—
Fair value of plan assets at end of period	$ 438.2	$ 406.4	$ 412.6	$ 367.1	$ —	$ —	$ —	$ —
Funded status	$ (119.8)	$ (84.2)	$ (135.6)	$ (75.4)	$ (56.6)	$ (41.2)	$ (64.7)	$ (38.8)

	Pension				Other Postretirement			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Amounts recognized in the consolidated balance sheet:								
Other long-term assets	$ 0.1	$ 38.1	$ —	$ 40.3	$ —	$ —	$ —	$ —
Accrued liabilities	(2.1)	(2.9)	(2.2)	(2.7)	(4.2)	(1.5)	(4.2)	(1.5)
Other long-term liabilities	(117.8)	(119.4)	(133.4)	(113.0)	(52.4)	(39.7)	(60.5)	(37.3)

(1) See Lump-Sum Payout below for further discussion

Accumulated Benefit Obligation

As of December 31, 2017 and 2016, the accumulated benefit obligation for all of the Company's pension plans was $1,034.7 million and $973.7 million, respectively.

As of December 31, 2017 and 2016, the majority of the Company's pension plans had accumulated benefit obligations in excess of plan assets. Information related to pension plans with accumulated benefit obligations in excess of plan assets is shown below (in millions):

December 31,	2017	2016
Projected benefit obligation	$ 768.1	$ 747.3
Accumulated benefit obligation	754.1	730.4
Fair value of plan assets	525.7	496.0

Lump-Sum Payout

In 2016, the Company initiated a limited lump-sum payout offer ("Lump-Sum Payout") to certain terminated vested plan participants of its U.S. defined benefit pension plans. The offer provided participants with the flexibility to receive their pension benefits early and reduces the Company's future administrative costs and risks related to its U.S. defined benefit pension plans. Under this offer, eligible plan participants were able to voluntarily elect an early payout of their pension benefits, primarily in the form of a lump-sum payment equal to the present value of the participant's pension benefits. In connection with the Lump-Sum Payout, payments of $154.9 million were distributed from existing defined benefit pension plan assets, and the Company recognized a $34.2 million non-cash settlement charge. Payments under the Lump-Sum Payout are reflected as benefits paid in the reconciliations of the change in benefit obligation and the change in plan assets for the year ended December 31, 2016.

Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss

Pretax amounts recognized in other comprehensive income (loss) for the years ended December 31, 2017 and 2016, are shown below (in millions):

	Pension				Other Postretirement			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Actuarial gains (losses) recognized:								
Reclassification adjustments	$ 2.6	$ 5.1	$ 2.7	$ 3.1	$ (2.6)	$ 0.3	$ (1.3)	$ 0.2
Actuarial gain (loss) arising during the period	11.4	(6.0)	(10.1)	(30.0)	4.5	0.7	12.8	(0.8)
Effect of curtailment	—	—	—	—	2.1	0.2	—	—
Effect of settlement	0.2	0.8	33.2	0.4	—	—	—	—
Prior service credit recognized:								
Reclassification adjustments	—	—	—	—	—	(0.4)	—	(0.3)
Translation adjustment	—	(8.2)	—	(1.0)	—	(0.4)	—	(0.1)
	$ 14.2	$ (8.3)	$ 25.8	$ (27.5)	$ 4.0	$ 0.4	$ 11.5	$ (1.0)

In addition, the Company recognized tax expense in other comprehensive income (loss) related to its defined benefit plans of $1.5 million, $7.1 million and $8.3 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Pretax amounts recorded in accumulated other comprehensive loss not yet recognized in net periodic benefit cost (credit) as of December 31, 2017 and 2016, are shown below (in millions):

	Pension				Other Postretirement			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Net unrecognized actuarial gain (loss)	$ (95.9)	$ (109.2)	$ (110.1)	$ (100.9)	$ 27.0	$ (5.4)	$ 25.1	$ (6.1)
Prior service credit	—	—	—	—	2.1	0.6	—	0.9
	$ (95.9)	$ (109.2)	$ (110.1)	$ (100.9)	$ 29.1	$ (4.8)	$ 25.1	$ (5.2)

Pretax amounts recorded in accumulated other comprehensive loss as of December 31, 2017, that are expected to be recognized as components of net periodic benefit cost (credit) in the year ending December 31, 2018, are shown below (in millions):

	Pension		Other Postretirement	
	U.S.	Foreign	U.S.	Foreign
Net unrecognized actuarial gain (loss)	$ (2.1)	$ (6.0)	$ 2.2	$ (0.1)
Prior service credit	—	—	0.2	0.3
	$ (2.1)	$ (6.0)	$ 2.4	$ 0.2

The Company uses the corridor approach when amortizing actuarial losses. Under the corridor approach, net unrecognized actuarial losses in excess of 10% of the greater of i) the projected benefit obligation or ii) the fair value of plan assets are amortized over future periods. For plans with little to no active participants, the amortization period is the remaining average life expectancy of the participants. For plans with active participants, the amortization period is the remaining average service period of the active participants. The amortization periods range from 5 to 31 years for the Company's defined benefit pension plans and from 3 to 17 years for the Company's other postretirement benefit plans.

Lear Corporation and Subsidiaries
Notes to Consolidated Financial Statements (continued)

Net Periodic Pension and Other Postretirement Benefit Cost (Credit)

The components of the Company's net periodic pension benefit cost (credit) are shown below (in millions):

	Year Ended December 31,					
	2017		2016		2015	
Pension	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Service cost	$ 5.0	$ 7.3	$ 5.6	$ 6.5	$ 4.7	$ 8.4
Interest cost	21.8	15.0	29.8	15.8	28.7	16.2
Expected return on plan assets	(28.9)	(22.9)	(38.1)	(23.2)	(39.4)	(25.7)
Amortization of actuarial loss	2.6	5.1	2.7	3.1	2.6	4.1
Curtailment loss	—	0.9	—	—	—	7.7
Settlement loss	0.2	0.8	34.4	0.4	0.2	—
Net periodic benefit cost (credit)	$ 0.7	$ 6.2	$ 34.4	$ 2.6	$ (3.2)	$ 10.7

The components of the Company's net periodic other postretirement benefit cost (credit) are shown below (in millions):

	Year Ended December 31,					
	2017		2016		2015	
Other Postretirement	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Service cost	$ 0.1	$ 0.5	$ 0.2	$ 0.5	$ 0.2	$ 0.7
Interest cost	2.4	1.5	3.2	1.6	3.1	1.7
Amortization of actuarial (gain) loss	(2.6)	0.3	(1.3)	0.2	(1.2)	0.5
Amortization of prior service credit	—	(0.4)	—	(0.3)	—	(0.4)
Special termination benefits	—	0.1	—	0.3	—	0.8
Net periodic benefit cost (credit)	$ (0.1)	$ 2.0	$ 2.1	$ 2.3	$ 2.1	$ 3.3

For the year ended December 31, 2017, the Company recognized pension curtailment and settlement losses of $1.7 million related to its restructuring actions (Note 4, "Restructuring").

For the year ended December 31, 2016, the Company recognized a pension settlement loss of $34.2 million related to its Lump-Sum Payout described above.

For the year ended December 31, 2015, the Company recognized a pension curtailment loss of $7.7 million related to its restructuring actions (Note 4, "Restructuring").

Assumptions

The weighted average actuarial assumptions used in determining the benefit obligations are shown below:

	Pension		Other Postretirement	
December 31,	2017	2016	2017	2016
Discount rate:				
Domestic plans	3.6%	4.1%	3.5%	3.9%
Foreign plans	3.1%	3.3%	3.5%	3.9%
Rate of compensation increase:				
Foreign plans	3.3%	3.3%	N/A	N/A

The weighted average actuarial assumptions used in determining the net periodic benefit cost (credit) are shown below:

For the year ended December 31,	2017	2016	2015
Pension			
Discount rate:			
Domestic plans	4.1%	4.4%	4.1%
Foreign plans	3.3%	3.8%	3.6%
Expected return on plan assets:			
Domestic plans	7.3%	7.5%	7.8%
Foreign plans	6.3%	6.3%	6.5%
Rate of compensation increase:			
Foreign plans	3.3%	3.3%	3.1%
Other postretirement			
Discount rate:			
Domestic plans	3.9%	4.2%	3.9%
Foreign plans	3.9%	4.2%	4.0%

The expected return on plan assets is determined based on several factors, including adjusted historical returns, historical risk premiums for various asset classes and target asset allocations within the portfolio. Adjustments made to the historical returns are based on recent return experience in the equity and fixed income markets and the belief that deviations from historical returns are likely over the relevant investment horizon.

Healthcare Trend Rate

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the postretirement benefit plans. The sensitivity to a 100 basis point ("bp") change in the assumed healthcare cost trend rates is shown below (in millions):

	Postretirement Benefit Obligation	Net Periodic Postretirement Cost
100 bp increase in healthcare cost trend rates	$ 13.9	$ 0.8
100 bp decrease in healthcare cost trend rates	$ (11.3)	$ (0.6)

The assumed healthcare cost trend rates used to measure the postretirement benefit obligation as of December 31, 2017, are shown below:

	U.S. Plans	Foreign Plans
Initial healthcare cost trend rate	6.5%	5.4%
Ultimate healthcare cost trend rate	4.5%	4.5%
Year ultimate healthcare cost trend rate achieved	2021	2031

Plan Assets

Fair value measurements and the related valuation techniques and fair value hierarchy level for the Company's pension plan assets measured at fair value on a recurring basis as of December 31, 2017 and 2016, are shown below (in millions):

	December 31, 2017				
	Total	Level 1	Level 2	Level 3	Valuation Technique
U.S. Plans:					
Equity securities -					
Mutual funds	$ 149.6	$ 149.6	$ —	$ —	Market
Common stock	80.5	54.9	25.6	—	Market
Fixed income -					
Mutual funds	101.6	101.6	—	—	Market
Corporate bonds	24.8	—	24.8	—	Market
Government obligations	23.5	—	23.5	—	Market
Preferred stock	1.5	1.0	0.5	—	Market
Cash and short-term investments	6.4	1.6	4.8	—	Market
Assets at fair value	387.9	$ 308.7	$ 79.2	$ —	
Investments measured at net asset value -					
Alternative investments	50.3				
Assets at fair value	$ 438.2				
Foreign Plans:					
Equity securities -					
Equity funds	$ 163.3	$ —	$ 163.3	$ —	Market
Common stock	71.6	71.6	—	—	Market
Fixed income -					
Fixed income funds	30.9	—	30.9	—	Market
Corporate bonds	37.0	—	37.0	—	Market
Government obligations	58.8	—	58.8	—	Market
Cash and short-term investments	9.0	3.4	5.6	—	Market
Assets at fair value	370.6	$ 75.0	$ 295.6	$ —	
Investments measured at net asset value -					
Alternative investments	35.8				
Assets at fair value	$ 406.4				

	December 31, 2016				
	Total	Level 1	Level 2	Level 3	Valuation Technique
U.S. Plans:					
Equity securities -					
Mutual funds	$ 137.7	$ 137.7	$ —	$ —	Market
Common stock	77.5	51.1	26.4	—	Market
Fixed income -					
Mutual funds	86.5	86.5	—	—	Market
Corporate bonds	18.1	—	18.1	—	Market
Government obligations	29.9	—	29.9	—	Market
Preferred stock	1.4	0.9	0.5	—	Market
Cash and short-term investments	8.4	0.9	7.5	—	Market
Assets at fair value	359.5	$ 277.1	$ 82.4	$ —	
Investments measured at net asset value -					
Alternative investments	53.1				
Assets at fair value	$ 412.6				
Foreign Plans:					
Equity securities -					
Equity funds	$ 132.6	$ —	$ 132.6	$ —	Market
Common stock	73.2	73.2	—	—	Market
Fixed income -					
Fixed income funds	31.2	—	31.2	—	Market
Corporate bonds	37.1	—	37.1	—	Market
Government obligations	53.8	—	53.8	—	Market
Cash	6.0	3.2	2.8	—	Market
Assets at fair value	333.9	$ 76.4	$ 257.5	$ —	
Investments measured at net asset value -					
Alternative investments	33.2				
Assets at fair value	$ 367.1				

For further information on the GAAP fair value hierarchy, see Note 13, "Financial Instruments." Pension plan assets for the foreign plans relate to the Company's pension plans primarily in Canada and the United Kingdom.

In 2015, the Financial Accounting Standards Board ("FASB") issued ASU 2015-07, "Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)." ASU 2015-07 removes the requirement to categorize, within the fair value hierarchy, investments for which fair values are estimated using the net asset value ("NAV") as a practical expedient as provided by Accounting Standards Codification 820, "Fair Value Measurement." In 2016, the Company early adopted the provisions of this update with respect to its defined benefit pension plan assets and retroactively applied the new presentation requirements to all periods presented. Accordingly, the alternative investments of the U.S. defined benefit pension plans, for which fair values are estimated using the NAV as a practical expedient, are no longer categorized and presented within the fair value hierarchy. These assets are shown below the fair value hierarchy in order to present total pension plan assets at fair value.

The Company's investment policies incorporate an asset allocation strategy that emphasizes the long-term growth of capital. The Company believes that this strategy is consistent with the long-term nature of plan liabilities and ultimate cash needs of the plans. For the domestic portfolio, the Company targets an equity allocation of 50% — 75% of plan assets, a fixed income allocation of 15% — 40%, an alternative investment allocation of 0% — 30% and a cash allocation of 0% — 10%. For the foreign portfolio, the Company targets an equity allocation of 45% — 65% of plan assets, a fixed income allocation of 25% — 45%, an alternative investment allocation of 0% — 25% and a cash allocation of 0% — 15%. Differences in the target allocations of the domestic and foreign portfolios are reflective of differences in the underlying plan liabilities. Diversification within the investment portfolios is pursued by asset class and investment management style. The investment portfolios are

reviewed on a quarterly basis to maintain the desired asset allocations, given the market performance of the asset classes and investment management styles. Alternative investments are redeemable in the near term, generally with 60 days notice.

The Company utilizes investment management firms to manage these assets in accordance with the Company's investment policies. Excluding alternative investments, mutual funds and ETFs, retained investment managers are provided investment guidelines which restrict the use of certain assets, including commodities contracts, futures contracts, options, venture capital, real estate, interest-only or principal-only strips and investments in the Company's own debt or equity. Derivative instruments are also prohibited without the specific approval of the Company. Investment managers are limited in the maximum size of individual security holdings and the maximum exposure to any one industry relative to the total portfolio. Fixed income managers are provided further investment guidelines that indicate minimum credit ratings for debt securities and limitations on weighted average maturity and portfolio duration.

The Company evaluates investment manager performance against market indices which the Company believes are appropriate to the investment management style for which the investment manager has been retained. The Company's investment policies incorporate an investment goal of aggregate portfolio returns which exceed the returns of the appropriate market indices by a reasonable spread over the relevant investment horizon.

Contributions

The Company's minimum required contributions to its domestic and foreign pension plans are expected to be approximately$10.0 million to $15.0 million in 2018. The Company may elect to make contributions in excess of minimum funding requirements in response to investment performance or changes in interest rates or when the Company believes that it is financially advantageous to do so and based on its other cash requirements. The Company's minimum funding requirements after 2018 will depend on several factors, including investment performance and interest rates. The Company's minimum funding requirements may also be affected by changes in applicable legal requirements.

Benefit Payments

As of December 31, 2017, the Company's estimate of expected benefit payments in each of the five succeeding years and in the aggregate for the five years thereafter are shown below (in millions):

	Pension		Other Postretirement	
Year	U.S.	Foreign	U.S.	Foreign
2018	$ 23.9	$ 18.9	$ 4.3	$ 1.5
2019	25.4	18.7	4.3	1.5
2020	26.2	19.5	4.2	1.6
2021	26.9	19.9	4.2	1.7
2022	28.3	21.7	4.0	1.7
Five years thereafter	146.0	116.9	18.5	9.8

Multi-Employer Pension Plans

The Company currently participates in two multi-employer pension plans, the U.A.W. Labor-Management Group Pension Plan and UNITE Here National Retirement Fund, for certain of its employees. Contributions to these plans are based on three collective bargaining agreements. One of the agreements expires on April 24, 2020, and two of the agreements expire on July 3, 2020. Detailed information related to these plans is shown below (amounts in millions):

	Pension Protection Act Zone Status				Contributions to Multiemployer Pension Plans		
Employer Identification Number	December 31, 2017 Certification	December 31, 2016 Certification	FIP/RP Pending or Implemented	Surcharge	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
516099782-001	Green	Red	Yes	No	$ 0.6	$ 0.6	$ 0.5
13-6130178	Red	Red	Yes	No	0.4	0.4	0.3

For its plan years 2017 and 2016, the Company's contributions to the U.A.W. Labor-Management Group Pension Plan represented more than 5% of the plan's total contributions.

Defined Contribution Plan

The Company also sponsors defined contribution plans and participates in government-sponsored programs in certain foreign countries. Contributions are determined as a percentage of each covered employee's salary. For the years ended December 31, 2017, 2016 and 2015, the aggregate cost of the defined contribution plans was $15.0 million, $14.4 million and $13.3 million, respectively.

The Company also has a defined contribution retirement program for its salaried employees. Contributions to this program are determined as a percentage of each covered employee's eligible compensation. For the years ended December 31, 2017, 2016 and 2015, the Company recorded expense of $21.3 million, $21.2 million and $19.4 million, respectively, related to this program.

(9) Capital Stock, Accumulated Other Comprehensive Loss and Equity

Common Stock

The Company is authorized to issue up to 300,000,000 shares of Common Stock. The Company's Common Stock is listed on the New York Stock Exchange under the symbol "LEA" and has the following rights and privileges:

- *Voting Rights* – All shares of the Company's common stock have identical rights and privileges. With limited exceptions, holders of common stock are entitled to one vote for each outstanding share of common stock held of record by each stockholder on all matters properly submitted for the vote of the Company's stockholders.
- *Dividend Rights* – Subject to applicable law, any contractual restrictions and the rights of the holders of outstanding preferred stock, if any, holders of common stock are entitled to receive ratably such dividends and other distributions that the Company's Board of Directors, in its discretion, declares from time to time.
- *Liquidation Rights* – Upon the dissolution, liquidation or winding up of the Company, subject to the rights of the holders of outstanding preferred stock, if any, holders of common stock are entitled to receive ratably the assets of the Company available for distribution to the Company's stockholders in proportion to the number of shares of common stock held by each stockholder.
- *Conversion, Redemption and Preemptive Rights* – Holders of common stock have no conversion, redemption, sinking fund, preemptive, subscription or similar rights.

Common Stock Share Repurchase Program

Since the first quarter of 2011, the Company's Board of Directors has authorized $4.1 billion in share repurchases under its common stock share repurchase program. As of December 31, 2017, the Company has paid $3.5 billion in aggregate for repurchases of its common stock, at an average price of $79.73 per share, excluding commissions and related fees.

In 2017, the Company repurchased $454.4 million in aggregate of its common stock (3,014,131 shares repurchased at an average purchase price of $150.77 per share, excluding commissions), of which $450.5 was paid in cash with the remaining amount to be paid in the first quarter of 2018. In 2016, the Company paid $658.8 million in aggregate for repurchases of its common stock, (5,816,363 shares repurchased at an average purchase price of $113.26 per share, excluding commissions). In 2015, the Company paid $487.4 million in aggregate for repurchases of its common stock, (4,366,365 shares repurchased at an average purchase price of $111.62 per share, excluding commissions).

As of December 31, 2017, the Company has a remaining repurchase authorization of $545.6 million under its current common stock share repurchase program, which will expire on December 31, 2019. The Company may implement these share repurchases through a variety of methods, including, but not limited to, open market purchases, accelerated stock repurchase programs and structured repurchase transactions. The extent to which the Company will repurchase its outstanding common stock and the timing of such repurchases will depend upon its financial condition, prevailing market conditions, alternative uses of capital and other factors.

In addition to shares repurchased under the Company's common stock share repurchase program described above, the Company classified shares withheld from the settlement of the Company's restricted stock unit and performance share awards to cover tax withholding requirements as common stock held in treasury in the accompanying consolidated balance sheets as of December 31, 2017 and 2016.

In 2017, the Company's Board of Directors approved the retirement of 8 million shares of common stock held in treasury. These retired shares are reflected as authorized, but not issued, in the accompanying consolidated balance sheet as of December 31, 2017. The retirement of shares held in treasury resulted in a reduction in the par value of common stock, additional paid-in capital and retained earnings of $0.1 million, $155.9 million and $735.5 million, respectively. These

reductions were offset by a corresponding reduction in shares held in treasury of $891.5 million. Accordingly, there was no effect on stockholders' equity as a result of this transaction.

Quarterly Dividend

In 2017, 2016 and 2015, the Company's Board of Directors declared quarterly cash dividends of $0.50, $0.30 and $0.25, respectively, per share of common stock. In 2017, declared dividends totaled $140.3 million, and dividends paid totaled $137.7 million. In 2016, declared dividends totaled $89.1 million, and dividends paid totaled $88.8 million. In 2015, declared dividends totaled $79.4 million, and dividends paid totaled $78.5 million. Dividends payable on common shares to be distributed under the Company's stock-based compensation program and common shares contemplated as part of the Company's emergence from Chapter 11 bankruptcy proceedings will be paid when such common shares are distributed.

Accumulated Other Comprehensive Loss

Comprehensive income is defined as all changes in the Company's net assets except changes resulting from transactions with stockholders. It differs from net income in that certain items recorded in equity are included in comprehensive income.

A summary of changes in accumulated other comprehensive loss, net of tax is shown below (in millions):

For the year ended December 31,	2017	2016	2015
Defined benefit plans:			
Balance at beginning of year	$ (192.8)	$ (194.6)	$ (219.2)
Reclassification adjustments (net of tax expense of $1.1 million in 2017, $12.1 million in 2016 and $1.4 million in 2015)	4.9	25.9	4.2
Other comprehensive income (loss) recognized during the period (net of tax benefit (expense) of ($0.4) million in 2017, $5.0 million in 2016 and ($6.9) million in 2015)	3.9	(24.1)	20.4
Balance at end of year	$ (184.0)	$ (192.8)	$ (194.6)
Derivative instruments and hedging activities:			
Balance at beginning of year	$ (45.1)	$ (38.7)	$ (33.2)
Reclassification adjustments (net of tax expense of $3.1 million in 2017, $28.8 million in 2016 and $14.9 million in 2015)	6.4	57.9	23.7
Other comprehensive income (loss) recognized during the period (net of tax benefit (expense) of ($12.8) million in 2017, $32.7 million in 2016 and $18.4 million in 2015)	15.8	(64.3)	(29.2)
Balance at end of year	$ (22.9)	$ (45.1)	$ (38.7)
Cumulative translation adjustments:			
Balance at beginning of year	$ (597.7)	$ (496.8)	$ (249.6)
Other comprehensive income (loss) recognized during the period (net of tax benefit of $— million in 2017, $1.1 million in 2016 and $6.0 million in 2015)	291.2	(100.9)	(247.2)
Balance at end of year	$ (306.5)	$ (597.7)	$ (496.8)

For the years ended December 31, 2017, 2016 and 2015, other comprehensive loss related to cumulative translation adjustments includes pretax gains (losses) related to intercompany transactions for which settlement is not planned or anticipated in the foreseeable future of $0.9 million, ($0.2) million and ($10.7) million, respectively.

Noncontrolling Interests

In 2017 and 2016, the Company gained control of an affiliate. For further information related to these transactions, see Note 5, "Investments in Affiliates and Other Related Party Transactions." Also in 2016, the Company acquired the outstanding noncontrolling interests in a consolidated subsidiary, Shenyang Lear Automotive Seating and Interior Systems Co., Ltd., for $32.6 million and now owns 100% of the subsidiary.

In 2015, a noncontrolling interest was established in a new less than wholly owned consolidated subsidiary.

(10) Stock-Based Compensation

The Company adopted the Lear Corporation 2009 Long-Term Stock Incentive Plan as of November 9, 2009 (as amended, the "2009 LTSIP"). The 2009 LTSIP reserves 11,815,748 shares of common stock for issuance under stock option, restricted stock, restricted stock unit, restricted unit, performance share, performance unit and stock appreciation right awards.

Under the 2009 LTSIP, the Company has granted restricted stock units and performance shares to certain of its employees. The restricted stock units and performance shares generally vest in three years following the grant date. For the years ended December 31, 2017, 2016 and 2015, the Company recognized compensation expense related to the restricted stock unit and performance share awards of $68.7 million, $66.7 million and $64.5 million, respectively. Unrecognized compensation expense related to the restricted stock unit and performance share awards of $60.6 million will be recognized over the next 1.5 years on a weighted average basis. In accordance with the provisions of the restricted stock unit and performance share awards, the Company withholds shares from the settlement of such awards to cover minimum statutory tax withholding requirements. The withheld shares are classified as common stock held in treasury in the accompanying consolidated balance sheets as of December 31, 2017 and 2016. A summary of restricted stock unit and performance share transactions for the year ended December 31, 2017, is shown below:

	Restricted Stock Units	Weighted Average Grant Date Fair Value	Performance Shares	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2016	623,142	$92.54	1,455,054	$94.19
Granted	153,675	$142.14	389,384	$132.94
Distributed (vested)	(194,373)		(571,254)	
Cancelled	(10,231)		(73,614)	
Outstanding as of December 31, 2017 (1)	572,213	$109.31	1,199,570	$115.33
Vested or expected to vest as of December 31, 2017	572,213		1,150,611	

(1) Outstanding performance shares are reflected at the maximum possible payout that may be earned during the relevant performance periods.

The grant date fair values of restricted stock units and performance shares are based on the share price on the grant date. The weighted average grant date fair value of restricted stock units granted in 2016 and 2015 was $120.42 and $104.46, respectively. The weighted average grant date fair value of performance shares granted in 2016 and 2015 was $119.99 and $97.92, respectively.

(11) Commitments and Contingencies

Legal and Other Contingencies

As of December 31, 2017 and 2016, the Company had recorded reserves for pending legal disputes, including commercial disputes and other matters, of $25.8 million and $11.0 million, respectively. Such reserves reflect amounts recognized in accordance with GAAP and typically exclude the cost of legal representation. Product liability and warranty reserves are recorded separately from legal reserves, as described below.

Commercial Disputes

The Company is involved from time to time in legal proceedings and claims, including, without limitation, commercial or contractual disputes with its customers, suppliers and competitors. These disputes vary in nature and are usually resolved by negotiations between the parties.

Product Liability and Warranty Matters

In the event that use of the Company’s products results in, or is alleged to result in, bodily injury and/or property damage or other losses, the Company may be subject to product liability lawsuits and other claims. Such lawsuits generally seek compensatory damages, punitive damages and attorneys’ fees and costs. In addition, if any of the Company’s products are, or are alleged to be, defective, the Company may be required or requested by its customers to participate in a recall or other corrective action involving such products. Certain of the Company’s customers have asserted claims against the Company for costs related to recalls or other corrective actions involving its products. The Company can provide no assurances that it will not experience material claims in the future or that it will not incur significant costs to defend such claims.

To a lesser extent, the Company is a party to agreements with certain of its customers, whereby these customers may pursue claims against the Company for contribution of all or a portion of the amounts sought in connection with product liability and warranty claims.

In certain instances, allegedly defective products may be supplied by Tier 2 suppliers. The Company may seek recovery from its suppliers of materials or services included within the Company’s products that are associated with product liability and warranty claims. The Company carries insurance for certain legal matters, including product liability claims, but such coverage may be limited. The Company does not maintain insurance for product warranty or recall matters. Future dispositions with respect to the Company’s product liability claims that were subject to compromise under the Chapter 11 bankruptcy proceedings will be satisfied out of a common stock and warrant reserve established for that purpose.

The Company records product warranty reserves when liability is probable and related amounts are reasonably estimable.

A summary of the changes in reserves for product liability and warranty claims for each of the periods in the two years ended December 31, 2017, is shown below (in millions):

Balance as of January 1, 2016	$	33.0
Expense, net, including changes in estimates		27.3
Settlements		(10.4)
Foreign currency translation and other		(0.8)
Balance as of December 31, 2016		49.1
Expense, net, including changes in estimates		13.3
Settlements		(19.6)
Foreign currency translation and other		3.7
Balance as of December 31, 2017	$	46.5

Environmental Matters

The Company is subject to local, state, federal and foreign laws, regulations and ordinances which govern activities or operations that may have adverse environmental effects and which impose liability for clean-up costs resulting from past spills, disposals or other releases of hazardous wastes and environmental compliance. The Company’s policy is to comply with all applicable environmental laws and to maintain an environmental management program based on ISO 14001 to ensure compliance with this standard. However, the Company currently is, has been and in the future may become the subject of formal or informal enforcement actions or procedures.

As of December 31, 2017 and 2016, the Company had recorded environmental reserves of $9.0 million. The Company does not believe that the environmental liabilities associated with its current and former properties will have a material adverse impact on its business, financial condition, results of operations or cash flows; however, no assurances can be given in this regard.

Other Matters

The Company is involved from time to time in various other legal proceedings and claims, including, without limitation, intellectual property matters, tax claims and employment matters. Although the outcome of any legal matter cannot be predicted with certainty, the Company does not believe that any of the other legal proceedings or claims in which the Company is currently involved, either individually or in the aggregate, will have a material adverse impact on its business, financial condition, results of operations or cash flows. However, no assurances can be given in this regard.

Although the Company records reserves for legal disputes, product liability and warranty claims and environmental and other matters in accordance with GAAP, the ultimate outcomes of these matters are inherently uncertain. Actual results may differ significantly from current estimates.

Employees

Approximately 46% of the Company’s employees are members of industrial trade unions and are employed under the terms of various labor agreements. Labor agreements covering approximately 77% of the Company’s global unionized workforce of approximately 76,400 employees, including labor agreements in the United States and Canada covering approximately 2% of the Company’s global unionized workforce, are scheduled to expire in 2018. Management does not anticipate any significant difficulties with respect to the renewal of these agreements.

Lease Commitments

A summary of lease commitments as of December 31, 2017, under non-cancelable operating leases with terms exceeding one year is shown below (in millions):

2018	$	103.1
2019		90.4
2020		77.0
2021		59.7
2022		48.9
Thereafter		169.7
Total	$	548.8

The Company's operating leases cover principally buildings and transportation equipment. For the years ended December 31, 2017, 2016 and 2015, rent expense was $144.7 million, $126.4 million and $126.2 million, respectively.

(12) Segment Reporting

A summary of revenues from external customers and other financial information by reportable operating segment is shown below (in millions):

	Year Ended December 31, 2017			
	Seating	E-Systems	Other	Consolidated
Revenues from external customers	$ 15,873.0	$ 4,594.0	$ —	$ 20,467.0
Segment earnings [1]	1,250.8	641.6	(284.1)	1,608.3
Depreciation and amortization	289.5	123.4	14.8	427.7
Capital expenditures	398.3	176.3	19.9	594.5
Total assets	7,303.4	2,268.0	2,374.5	11,945.9

	Year Ended December 31, 2016			
	Seating	E-Systems	Other	Consolidated
Revenues from external customers	$ 14,356.7	$ 4,200.9	$ —	$ 18,557.6
Segment earnings [1]	1,136.0	591.3	(300.1)	1,427.2
Depreciation and amortization	258.1	107.6	12.5	378.2
Capital expenditures	341.6	162.4	24.3	528.3
Total assets	6,199.2	1,675.9	2,025.5	9,900.6

	Year Ended December 31, 2015			
	Seating	E-Systems	Other	Consolidated
Revenues from external customers	$ 14,098.5	$ 4,112.9	$ —	$ 18,211.4
Segment earnings [1]	907.0	554.4	(274.6)	1,186.8
Depreciation and amortization	239.3	99.3	9.2	347.8
Capital expenditures	317.2	134.4	34.2	485.8

(1) For a definition of segment earnings, see Note 2, "Summary of Significant Accounting Policies — Segment Reporting."

For the year ended December 31, 2017, segment earnings include restructuring charges of $45.7 million, $19.9 million and $7.9 million in the Seating and E-Systems segments and in the other category, respectively (Note 4, "Restructuring").

For the year ended December 31, 2016, segment earnings include restructuring charges of $40.6 million, $20.1 million and $2.9 million in the Seating and E-Systems segments and in the other category, respectively (Note 4, "Restructuring").

For the year ended December 31, 2015, segment earnings include restructuring charges of $60.8 million, $13.9 million and $12.1 million in the Seating and E-Systems segments and in the other category, respectively (Note 4, "Restructuring").

A reconciliation of segment earnings to consolidated income before provision for income taxes and equity in net income of affiliates is shown below (in millions):

For the year ended December 31,	2017	2016	2015
Segment earnings	$ 1,892.4	$ 1,727.3	$ 1,461.4
Corporate and regional headquarters and elimination of intercompany activity ("Other")	(284.1)	(300.1)	(274.6)
Consolidated income before interest, other expense, provision for income taxes and equity in net income of affiliates	1,608.3	1,427.2	1,186.8
Interest expense	85.7	82.5	86.7
Other (income) expense, net	(4.1)	6.4	68.6
Consolidated income before provision for income taxes and equity in net income of affiliates	$ 1,526.7	$ 1,338.3	$ 1,031.5

Revenues from external customers and tangible long-lived assets for each of the geographic areas in which the Company operates is shown below (in millions):

For the year ended December 31,	2017	2016	2015
Revenues from external customers			
United States	$ 3,955.1	$ 4,186.0	$ 4,252.3
Mexico	3,170.9	2,684.4	2,777.3
China	2,519.3	2,277.6	2,141.9
Germany	2,139.4	2,076.0	1,987.3
Other countries	8,682.3	7,333.6	7,052.6
Total	$ 20,467.0	$ 18,557.6	$ 18,211.4

December 31,	2017	2016
Tangible long-lived assets:		
United States	$ 385.4	$ 361.2
Mexico	549.0	466.5
China	307.3	253.5
Germany	182.4	147.5
Other countries	1,035.3	790.6
Total	$ 2,459.4	$ 2,019.3

The following is a summary of the percentage of revenues from major customers:

For the year ended December 31,	2017	2016	2015
Ford	18.3%	21.0%	22.5%
General Motors	18.0%	20.9%	20.0%
BMW	8.1%	10.1%	10.5%

(13) Financial Instruments

Debt Instruments

The carrying values of the Company's debt instruments vary from their fair values. The fair values were determined by reference to the quoted market prices of these securities (Level 2 input based on the GAAP fair value hierarchy). The estimated fair value, as well as the carrying value, of the Company's debt instruments are shown below (in millions):

December 31	2017	2016
Estimated aggregate fair value [1]	$ 2,033.5	$ 2,004.8
Aggregate carrying value [1] [2]	1,973.4	1,943.7

(1) Credit agreement and senior notes (excludes "other" debt)
(2) Carrying value excludes the impact of unamortized original issue discount and debt issuance costs

Accounts Receivable Factoring

One of the Company's European subsidiaries has an uncommitted factoring agreement, which provides for aggregate purchases of specified customer accounts of up to €200 million. As of December 31, 2017 and 2016, there were no factored receivables outstanding. The Company cannot provide any assurances that this factoring facility will be available or utilized in the future.

Marketable Equity Securities

As of December 31, 2017 and 2016, marketable equity securities of $43.8 million and $30.2 million, respectively, for which the Company accounts for under the fair value option, are included in the accompany consolidated balance sheets. Accordingly, unrealized gains and losses arising from changes in the fair value of the marketable equity securities are recognized in the consolidated statement of income as a component of other expense, net. The fair value of the marketable equity securities is determined by reference to quoted market prices in active markets (Level 1 input based on the GAAP fair value hierarchy).

Derivative Instruments and Hedging Activities

Foreign Exchange

The Company uses forwards, swaps and other derivative contracts to reduce the effects of fluctuations in foreign exchange rates on known foreign currency exposures. Gains and losses on the derivative instruments are intended to offset gains and losses on the hedged transaction in an effort to reduce exposure to fluctuations in foreign exchange rates. The principal currencies hedged by the Company include the Mexican peso, various European currencies, the Thai baht, the Japanese yen, the Chinese renminbi and the Philippine peso.

The notional amount, estimated fair value and related classification in the accompanying consolidated balance sheets of the Company's foreign currency derivative contracts are shown below (in millions, except for maturities):

December 31,	2017	2016
Fair value of foreign currency contracts designated as cash flow hedges:		
Other current assets	$ 16.9	$ 11.2
Other long-term assets	1.3	0.5
Other current liabilities	(28.4)	(58.3)
Other long-term liabilities	(8.0)	(9.9)
	(18.2)	(56.5)
Notional amount	$ 1,538.5	$ 1,275.0
Outstanding maturities in months, not to exceed	24	24
Fair value of foreign currency contracts not designated as hedging instruments:		
Other current assets	1.8	5.9
Other current liabilities	(6.4)	(3.8)
	(4.6)	2.1
Notional amount	$ 681.1	$ 681.2
Outstanding maturities in months, not to exceed	12	12
Total fair value	$ (22.8)	$ (54.4)
Total notional amount	$ 2,219.6	$ 1,956.2

Foreign currency derivative contracts not designated as hedging instruments consist principally of hedges of cash transactions, intercompany loans and certain other balance sheet exposures.

Accumulated Other Comprehensive Loss - Derivative Instruments and Hedging Activities

Pretax amounts related to foreign currency derivative contracts designated as cash flow hedges that were recognized in and reclassified from accumulated other comprehensive loss are shown below (in millions):

For the year ended December 31,	2017	2016	2015
Gains (losses) recognized in accumulated other comprehensive loss:	$ 28.8	$ (96.8)	$ (47.3)
(Gains) losses reclassified from accumulated other comprehensive loss to:			
Net sales	2.1	4.8	(3.7)
Cost of sales	7.4	81.9	42.3
	9.5	86.7	38.6
Comprehensive income (loss)	$ 38.3	$ (10.1)	$ (8.7)

As of December 31, 2017 and 2016, pretax net losses of $18.2 million and $56.5 million, respectively, related to the Company’s derivative instruments and hedging activities were recorded in accumulated other comprehensive loss. During the next twelve month period, the Company expects to reclassify into earnings net losses of $11.5 million recorded in accumulated other comprehensive loss as of December 31, 2017. Such losses will be reclassified at the time that the underlying hedged transactions are realized.

For the years ended December 31, 2017, 2016 and 2015, amounts recognized in the accompanying consolidated statements of income related to changes in the fair value of cash flow and fair value hedges excluded from the Company’s effectiveness assessments and the ineffective portion of changes in the fair value of cash flow and fair value hedges were not material. In addition, the Company recognized tax benefits (expense) of ($15.9) million, $3.9 million and $3.5 million in other comprehensive income (loss) related to its derivative instruments and hedging activities for the years ended December 31, 2017, 2016 and 2015, respectively.

Fair Value Measurements

GAAP provides that fair value is an exit price, defined as a market-based measurement that represents the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value measurements are based on one or more of the following three valuation techniques:

Market: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income: This approach uses valuation techniques to convert future amounts to a single present value amount based on current market expectations.

Cost: This approach is based on the amount that would be required to replace the service capacity of an asset (replacement cost).

Further, GAAP prioritizes the inputs and assumptions used in the valuation techniques described above into a three-tier fair value hierarchy as follows:

Level 1: Observable inputs, such as quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Inputs, other than quoted market prices included in Level 1, that are observable either directly or indirectly for the asset or liability.

Level 3: Unobservable inputs that reflect the entity's own assumptions about the exit price of the asset or liability. Unobservable inputs may be used if there is little or no market data for the asset or liability at the measurement date.

The Company discloses fair value measurements and the related valuation techniques and fair value hierarchy level for its assets and liabilities that are measured or disclosed at fair value.

Items Measured at Fair Value on a Recurring Basis

Fair value measurements and the related valuation techniques and fair value hierarchy level for the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016, are shown below (in millions):

	December 31, 2017					
	Frequency	Asset (Liability)	Valuation Technique	Level 1	Level 2	Level 3
Foreign currency derivative contracts, net	Recurring	$ (22.8)	Market / Income	$ —	$ (22.8)	$ —
Marketable equity securities	Recurring	43.8	Market	43.8	—	—

	December 31, 2016					
	Frequency	Asset (Liability)	Valuation Technique	Level 1	Level 2	Level 3
Foreign currency derivative contracts, net	Recurring	$ (54.4)	Market / Income	$ —	$ (54.4)	$ —
Marketable equity securities	Recurring	30.2	Market	30.2	—	—

The Company determines the fair value of its derivative contracts using quoted market prices to calculate the forward values and then discounts such forward values to the present value. The discount rates used are based on quoted bank deposit or swap interest rates. If a derivative contract is in a net liability position, the Company adjusts these discount rates, if required, by an estimate of the credit spread that would be applied by market participants purchasing these contracts from the Company's counterparties. If an estimate of the credit spread is required, the Company uses significant assumptions and factors other than quoted market rates, which would result in the classification of its derivative liabilities within Level 3 of the fair value

hierarchy. As of December 31, 2017 and 2016, there were no derivative contracts that were classified within Level 3 of the fair value hierarchy. In addition, there were no transfers in or out of Level 3 of the fair value hierarchy during 2017 and 2016.

For further information on fair value measurements and the Company's defined benefit pension plan assets, see Note 8, "Pension and Other Postretirement Benefit Plans."

Items Measured at Fair Value on a Non-Recurring Basis

The Company measures certain assets and liabilities at fair value on a non-recurring basis, which are not included in the table above. As these non-recurring fair value measurements are generally determined using unobservable inputs, these fair value measurements are classified within Level 3 of the fair value hierarchy.

In 2017, as a result of the acquisition of Antolin Seating and the Lear STEC transaction, Level 3 fair value estimates related to property, plant and equipment of $95.4 million, intangible assets of $187.4 million and noncontrolling interests of $125.0 million are recorded in the accompanying consolidated balance sheet as of December 31, 2017. In addition, the Lear STEC transaction required a Level 3 fair value estimate related to the Company's previously held equity interest of $94.0 million. These Level 3 fair value estimates were determined as of the applicable transaction date.

In 2016, as a result of the acquisition of AccuMED and the Beijing BAI transaction, Level 3 fair value estimates related to property, plant and equipment of $31.2 million, intangible assets of $87.0 million and noncontrolling interests of $41.0 million are recorded in the accompanying consolidated balance sheet as of December 31, 2016. In addition, the Beijing BAI transaction required a Level 3 fair value estimate related to the Company's previously held equity interest of $63.0 million. These Level 3 fair value estimates were determined as of the applicable transaction date.

Fair value estimates of property, plant and equipment were based on independent appraisals, giving consideration to the highest and best use of the assets. Key assumptions used in the appraisals were based on a combination of market and cost approaches, as appropriate. Fair value estimates of customer-based intangible assets were based on the present value of future earnings attributable to the asset group after recognition of required returns to other contributory assets. Fair value estimates of noncontrolling and equity interests were based on the present value of future cash flows and a value to earnings multiple approach and reflect discounts for the lack of control and the lack of marketability associated with noncontrolling and equity interests. Further, the fair value estimate of redeemable noncontrolling interest includes an estimate of the fair value associated with the noncontrolling interest holder's embedded redemption option. The fair value of this redemption option was determined using the Monte Carlo valuation model and includes various assumptions, including the expected volatility, risk free rate and dividend yield.

For further information on assets and liabilities measured at fair value on a non-recurring basis, see Note 2, "Summary of Significant Accounting Policies," Note 3, "Acquisitions," Note 4, "Restructuring," and Note 5, "Investments in Affiliates and Other Related Party Transactions."

(14) Quarterly Financial Data (unaudited)

(In millions, except per share data)

	Thirteen Weeks Ended			
	April 1, 2017	July 1, 2017	September 30, 2017	December 31, 2017
Net sales	$ 4,998.5	$ 5,123.2	$ 4,981.5	$ 5,363.8
Gross profit	582.5	577.8	555.9	574.9
Consolidated net income	318.5	327.0	315.0	420.4
Net income attributable to Lear	305.8	311.9	295.2	400.5
Basic net income per share attributable to Lear	4.39	4.53	4.00	5.89
Diluted net income per share attributable to Lear	4.35	4.49	3.96	5.80

In the third quarter of 2017, the Company recognized a gain of $54.2 million related to obtaining control of an affiliate and a loss of $21.2 million related to the extinguishment of debt. In the first, second and third quarters of 2017, the Company recognized net tax benefits of $19.1 million, $35.3 million and $14.0 million, respectively, related to a change in accounting for share-based compensation, the reversal of valuation allowances, the redemption of the 2023 notes, restructuring charges and various other items. In the fourth quarter of 2017, the Company recognized net tax benefits of $146.4 million, comprised of $289.7 million of foreign tax credits on repatriated earnings and $30.2 million of other discrete tax benefits, offset by a $131.0

million one-time transition tax on accumulated foreign earnings and $42.5 million of tax expense to reflect the new U.S. corporate tax rate and other tax reform changes to the Company's deferred tax accounts.

For further information, see Note 5, "Investments in Affiliates and Other Related Party Transactions," Note 6, "Debt," and Note 7, "Income Taxes."

	Thirteen Weeks Ended			
	April 2, 2016	July 2, 2016	October 1, 2016	December 31, 2016
Net sales	$ 4,662.9	$ 4,724.8	$ 4,526.4	$ 4,643.5
Gross profit	535.7	540.4	513.9	512.1
Consolidated net income	262.5	294.5	235.0	248.5
Net income attributable to Lear	248.4	282.4	214.4	229.9
Basic net income per share attributable to Lear	3.33	3.85	3.01	3.28
Diluted net income per share attributable to Lear	3.29	3.82	2.98	3.24

In the second quarter of 2016, the Company recognized a gain of $30.3 million related to obtaining control of an affiliate. In the fourth quarter of 2016, the Company recognized a $34.2 million non-cash settlement charge in connection with its lump-sum payout to certain terminated vested plan participants of its U.S. defined benefit pension plans. In the first, second, third and fourth quarters of 2016, the Company recognized $5.0 million, $7.1 million, $2.4 million and $9.1 million, respectively, of net tax benefits related to restructuring charges and various other items.

For further information see, Note 5, "Investments in Affiliates and Other Related Party Transactions," Note 7, "Income Taxes," and Note 8, "Pension and Other Postretirement Benefit Plans."

(15) Accounting Pronouncements

The Company has considered the recent ASUs issued by the FASB summarized below, which could significantly impact its financial statements:

Standards Pending Adoption	Description	Effective Date	Anticipated Impact
ASU 2014-09, Revenue from Contracts with Customers	The standard replaces existing revenue recognition guidance and requires additional financial statement disclosures. The provisions of these updates may be applied through either a full retrospective or a modified retrospective approach.	January 1, 2018	The Company has drafted its accounting policy with respect to the standard based on a detailed review of its business and contracts. While the Company continues to assess all potential impacts of the standard, it does not currently expect that the adoption will have a material impact on its revenues, results of operations or financial position. As required by the standard, the Company expects to make additional disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company plans to adopt the standard effective January 1, 2018, using the modified retrospective method. The Company continues to evaluate the effect of the standard on its ongoing financial reporting.
ASU 2016-02, Leases	The standard requires that a lessee recognize on its balance sheet right-of-use assets and corresponding liabilities resulting from leasing transactions, as well as additional financial statement disclosures. Currently, GAAP only requires balance sheet recognition for leases classified as capital leases. The provisions of this update apply to substantially all leased assets, with certain permitted exceptions, and must be adopted using a modified retrospective approach.	January 1, 2019	The Company is currently evaluating the impact of this update. For additional information on the Company's operating lease commitments, see Note 11, "Commitments and Contingencies."
ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	The standard was issued to address the net presentation of the components of net benefit cost. The standard requires that service cost be presented in the same line item as other current employee compensation costs and that the remaining components of net benefit cost be presented in a separate line item outside of any subtotal for income from operations.	January 1, 2018	The update will result in the retrospective reclassification of the non-service cost components of net benefit cost from cost of sales and selling, general and administrative expenses to other (income) expense, net. There will be no impact on consolidated net income.

In addition to the adoption of ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting," discussed in Note 7, "Income Taxes," the Company adopted the ASUs summarized below in 2017. The effects of the adoption of the ASUs listed below did not significantly impact the Company's financial statements:

Standards Adopted	Description	Effective Date
ASU 2015-11, Simplifying the Measurement of Inventory	The standard requires the measurement of inventory at the lower of cost or net realizable value rather than at the lower of cost or market.	January 1, 2017
ASU 2016-05, Effects of Derivative Contract Novations on Existing Hedge Accounting Relationships and ASU 2016-06, Contingent Put and Call Options in Debt Instruments.	The standards provide clarification when there is a change in a counterparty to a derivative hedging instrument and the steps required when assessing the economic characteristics of embedded put or call options.	January 1, 2017
ASU 2016-07, Simplifying the Transition to Equity Method of Accounting	The standard eliminates the requirement to retroactively apply the equity method of accounting as a result of an increase in the level of ownership or degree of influence.	January 1, 2017
ASU 2016-17, Interests Held through Related Parties that Are under Common Control	The standard changes the evaluation of whether a reporting entity is the primary beneficiary of a variable interest entity in certain instances involving entities under common control.	January 1, 2017

The Company has considered the recently issued ASUs summarized below, none of which are expected to significantly impact its financial statements:

Standard	Description	Effective Date
ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities	The standard requires equity investments and other ownership interests in unconsolidated entities (other than those accounted for using the equity method of accounting) to be measured at fair value through earnings. A practicability exception exists for equity investments without readily determinable fair values.	January 1, 2018
ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments	The standard addresses the classification of cash flows related to various transactions, including debt prepayment and extinguishment costs, contingent consideration and proceeds from insurance claims.	January 1, 2018
ASU 2016-16, Income Taxes - Intra-Entity Transfers of Assets Other than Inventory	The standard requires the recognition of the income tax effects of intercompany sales and transfers (other than inventory) when the sales and transfers occur.	January 1, 2018
ASU 2016-18, Restricted Cash	The standard provides guidance on the presentation of restricted cash on the statement of cash flows.	January 1, 2018
ASU 2017-01, Clarifying the Definition of a Business	The standard provides a new framework to use when determining if a set of assets and activities is a business.	January 1, 2018
ASU 2017-05, Gains and Losses from the Derecognition of Nonfinancial Assets	The standard provides guidance for recognizing gains and losses on nonfinancial assets (including land, buildings and intangible assets) to noncustomers. Adoption must coincide with ASU 2014-09.	January 1, 2018
ASU 2017-09, Stock Compensation - Scope of Modification Accounting	The standard provides guidance intended to reduce diversity in practice when accounting for a modification to the terms and conditions of a share-based payment award.	January 1, 2018
ASU 2017-12, Targeted Improvements to Accounting for Hedging Activities	The standard contains changes intended to better portray the economic results of hedging activities, as well as targeted improvements to simplify hedge accounting. The Company has elected to early adopt the standard effective January 1, 2018.	January 1, 2019
ASU 2016-13, Measurement of Credit Losses on Financial Instruments	The standard changes the impairment model for most financial instruments to an "expected loss" model. The new model will generally result in earlier recognition of credit losses.	January 1, 2020
ASU 2017-04, Simplifying the Test for Goodwill Impairment	The standard simplifies the accounting for goodwill impairments and allows a goodwill impairment charge to be based on the amount of a reporting unit's carrying value in excess of its fair value. This eliminates the requirement to calculate the implied fair value of goodwill or what is known as "Step 2" under the current guidance.	January 1, 2020

LEAR CORPORATION AND SUBSIDIARIES

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
(In millions)

	Balance as of Beginning of Period	Additions	Retirements	Other Changes	Balance as of End of Period
For the year ended December 31, 2017					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ 32.8	$ 16.4	$ (3.7)	$ (3.7)	$ 41.8
Allowance for deferred tax assets	445.6	25.0	(91.9)	23.5	402.2
Total	$ 478.4	$ 41.4	$ (95.6)	$ 19.8	$ 444.0

	Balance as of Beginning of Period	Additions	Retirements	Other Changes	Balance as of End of Period
For the year ended December 31, 2016					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ 34.4	$ 12.0	$ (12.7)	$ (0.9)	$ 32.8
Allowance for deferred tax assets	495.7	8.6	(53.6)	(5.1)	445.6
Total	$ 530.1	$ 20.6	$ (66.3)	$ (6.0)	$ 478.4

	Balance as of Beginning of Period	Additions	Retirements	Other Changes	Balance as of End of Period
For the year ended December 31, 2015					
Valuation of accounts deducted from related assets:					
Allowance for doubtful accounts	$ 27.5	$ 14.1	$ (4.5)	$ (2.7)	$ 34.4
Allowance for deferred tax assets	508.5	51.9	(25.9)	(38.8)	495.7
Total	$ 536.0	$ 66.0	$ (30.4)	$ (41.5)	$ 530.1

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A – CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company has evaluated, under the supervision and with the participation of the Company’s management, including the Company’s President and Chief Executive Officer along with the Company’s Senior Vice President and Chief Financial Officer, the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Report. The Company’s disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Based on the evaluation described above, the Company’s President and Chief Executive Officer along with the Company’s Senior Vice President and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective to provide reasonable assurance that the desired control objectives were achieved as of the end of the period covered by this Report.

(b) Management’s Annual Report on Internal Control over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company’s management, including the Company’s President and Chief Executive Officer along with the Company’s Senior Vice President and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting based on the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). In April 2017, the Company completed the acquisition of Grupo Antolin's automotive seating business ("Antolin Seating") and is currently integrating Antolin Seating into its operations, compliance programs and internal control processes. As permitted by Securities and Exchange Commission ("SEC") rules and regulations, the Company has excluded Antolin Seating from management's evaluation of internal control over financial reporting as of December 31, 2017. Antolin Seating constituted approximately 4% of the Company's total assets as of December 31, 2017, and approximately 2% of the Company's net sales for the year then ended. Based on this evaluation, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2017.

(c) Attestation Report of the Registered Public Accounting Firm

The attestation report of the Company’s independent registered public accounting firm regarding internal control over financial reporting is set forth in Item 8, "Consolidated Financial Statements and Supplementary Data," under the caption "Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting" and incorporated herein by reference.

(d) Changes in Internal Control over Financial Reporting

There was no change in the Company’s internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2017, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting. In April 2017, the Company completed the acquisition of Antolin Seating and is currently integrating Antolin Seating into its operations, compliance programs and internal control processes. As permitted by SEC rules and regulations, the Company has excluded Antolin Seating from management's evaluation of internal control over financial reporting as of December 31, 2017.

ITEM 9B – OTHER INFORMATION

None.

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 regarding our directors and corporate governance matters is incorporated by reference herein to the Proxy Statement sections entitled "Election of Directors" and "Directors and Corporate Governance." The information required by Item 10 regarding our executive officers appears as a supplementary item following Item 4 under Part I of this Report. The information required by Item 10 regarding compliance with section 16(a) of the Securities Exchange Act of 1934, as amended, is incorporated by reference herein to the Proxy Statement section entitled "Directors and Corporate Governance — Section 16(a) Beneficial Ownership Reporting Compliance."

Code of Ethics

We have adopted a code of ethics that applies to our executive officers, including our Principal Executive Officer, our Principal Financial Officer and our Principal Accounting Officer. This code of ethics is entitled "Specific Provisions for Executive Officers" within our Code of Business Conduct and Ethics, which can be found on our website at http://www.lear.com. We will post any amendment to or waiver from the provisions of the Code of Business Conduct and Ethics that applies to the executive officers above on the same website and will provide it to stockholders free of charge upon written request by contacting Lear Corporation at 21557 Telegraph Road, Southfield, Michigan 48033, Attention: Investor Relations.

ITEM 11 – EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference herein to the Proxy Statement sections entitled "Directors and Corporate Governance — Director Compensation," "Compensation Discussion and Analysis," "Executive Compensation," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report." Notwithstanding anything indicating the contrary set forth in this Report, the "Compensation Committee Report" section of the Proxy Statement shall be deemed to be "furnished" not "filed" for purposes of the Securities Exchange Act of 1934, as amended.

ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as set forth herein, the information required by Item 12 is incorporated by reference herein to the Proxy Statement section entitled "Directors and Corporate Governance — Security Ownership of Certain Beneficial Owners, Directors and Management."

Equity Compensation Plan Information

As of December 31, 2017	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,771,783 (1)	$ — (2)	2,781,604
Equity compensation plans not approved by security holders	—	—	—
Total	1,771,783	$ —	2,781,604

(1) Includes 572,213 of outstanding restricted stock units and 1,199,570 of outstanding performance shares. Outstanding performance shares are reflected at the maximum possible payout that may be earned during the relevant performance periods.
(2) Reflects outstanding restricted stock units and performance shares at a weighted average price of zero.

ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated by reference herein to the Proxy Statement sections entitled "Certain Relationships and Related Party Transactions" and "Directors and Corporate Governance — Independence of Directors."

ITEM 14 – PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated by reference herein to the Proxy Statement section entitled "Fees of Independent Accountants."

PART IV

ITEM 15 – EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

The following documents are filed as part of this Form 10-K.

(a) 1. Consolidated Financial Statements:

Reports of Ernst & Young LLP, Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2017 and 2016

Consolidated Statements of Income for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Equity for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015

Notes to Consolidated Financial Statements

2. Financial Statement Schedule:

Schedule II — Valuation and Qualifying Accounts

All other financial statement schedules are omitted because such schedules are not required or the information required has been presented in the aforementioned financial statements.

3. The exhibits listed on the "Index to Exhibits" on pages 106 through 108 are filed with this Form 10-K or incorporated by reference as set forth below.

(b) The exhibits listed on the "Index to Exhibits" on pages 106 through 108 are filed with this Form 10-K or incorporated by reference as set forth below.

(c) Additional Financial Statement Schedules

None.

ITEM 16 – FORM 10-K Summary

None.

Index to Exhibits

Exhibit Number		Exhibit
3.1		Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated November 9, 2009).
3.2		Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated November 9, 2009).
4.1		Indenture, dated March 26, 2010, among the Company, the subsidiary guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 23, 2010).
4.2		Third Supplemental Indenture, dated as of January 17, 2013, by and among Lear Corporation, the Subsidiary Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated January 14, 2013).
4.3		Fourth Supplemental Indenture, dated as of March 14, 2014, by and among Lear Corporation, the Subsidiary Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 11, 2014).
4.4		Fifth Supplemental Indenture, dated November 21, 2014, among the Company, the Subsidiary Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated November 18, 2014).
4.5		Sixth Supplemental Indenture, dated June 25, 2015, among the Company, the Subsidiary Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 27, 2015).
4.6		Indenture, dated August 17, 2017, among the Company and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated August 14, 2017).
4.7		First Supplemental Indenture, dated August 17, 2017, among the Company and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated August 14, 2017).
10.1		Amended and Restated Credit Agreement, dated as of November 14, 2014, among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 14, 2014).
10.2	*	Lear Corporation 2009 Long-Term Stock Incentive Plan, amended and restated effective January 1, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013).
10.3	*	Lear Corporation Pension Equalization Program, as amended through August 15, 2003 (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004).
10.4	*	First Amendment to the Lear Corporation Pension Equalization Program, dated as of December 21, 2006 (incorporated by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).
10.5	*	Second Amendment to the Lear Corporation Pension Equalization Program, dated as of May 9, 2007 (incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007).
10.6	*	Third Amendment to the Lear Corporation Pension Equalization Program, effective as of December 18, 2007 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 18, 2007).
10.7	*	Lear Corporation Outside Directors Compensation Plan, amended and restated effective January 1, 2016 (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015).

10.8	*	Lear Corporation Outside Directors Compensation Plan - Form of Cash Retainer Deferral Election, effective as of September 13, 2017 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017).
**10.9	*	Form of Restricted Stock Unit "Career Shares" Award Agreement under the Lear Corporation 2009 Long-Term Stock Incentive Plan.
**10.10	*	Form of Performance Share Terms and Conditions under the Lear Corporation 2009 Long-Term Stock Incentive Plan.
10.11	*	Form of 2016 Restricted Stock Unit Terms and Conditions under the Lear Corporation 2009 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015).
10.12	*	Form of 2016 Performance Share Terms and Conditions under the Lear Corporation 2009 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015).
**10.13	*	Lear Corporation Salaried Retirement Restoration Program (f/k/a Lear Corporation PSP Excess Plan), amended and restated effective December 29, 2017.
10.14	*	Form of Restricted Stock Unit "Career Shares" Award Agreement under the Lear Corporation 2009 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015).
**10.15	*	Form of 2018 Restricted Stock Unit Terms and Conditions under the Lear Corporation 2009 Long-Term Stock Incentive Plan.
**10.16	*	Second Amended and Restated Employment Agreement, dated as of November 15, 2017, between the Company and Matthew J. Simoncini.
10.17	*	Employment Agreement, dated March 15, 2012, between the Company and Jeffrey H.Vanneste (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).
10.18	*	Amended and Restated Employment Agreement, dated September 12, 2012, between the Company and Frank C. Orsini (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 2012).
10.19	*	Amended and Restated Employment Agreement, dated September 11, 2013, between the Company and Raymond E. Scott (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2013).
10.20	*	Amended and Restated Employment Agreement, dated September 11, 2013, between the Company and Terrence B. Larkin (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2013).
10.21	*	Amended and Restated Employment Agreement, dated September 11, 2013, between the Company and Melvin L. Stephens (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2013).
10.22		Letter Agreement Re: Accelerated Share Repurchase between Citibank, N.A. and Lear Corporation, dated April 25, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 25, 2013).
10.23	*	Lear Corporation Annual Incentive Plan (Amended and Restated as of January 1, 2014) (incorporated by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on April 1, 2014).
10.24	*	First Amendment to the Lear Corporation 2009 Long-Term Stock Incentive Plan (amended and restated as January 1, 2014), effective as of January 1, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2017).
10.25		First Amendment, dated August 20, 2015, to the Amended and Restated Credit Agreement, dated as of November 14, 2014, among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 26, 2015).

10.26	Credit Agreement, dated as of August 8, 2017, among the Company, the foreign subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto, HSBC Securities (USA) Inc., as syndication agent, Barclays Bank PLC, Citibank N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as co-documentation agents, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 8, 2017).
10.27 *	First Amendment to the Lear Corporation Annual Incentive Plan (amended and restated as of January 1, 2014), effective February 9, 2017 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2017).
10.28 *	Statement on Confidential Information, effective as of August 9, 2017 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017).
10.29 *	First Amendment to the Lear Corporation Outside Directors Compensation Plan, effective September 13, 2017 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017).
10.30 *	Lear Corporation Outside Directors Compensation Plan - Form of Stock Grant Deferral Election, effective as of September 13, 2017 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017).
10.31 *	Anti-Hedging and Anti-Pledging Policy, amended and restated as of September 13, 2017 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017).
**12.1	Computation of ratios of earnings to fixed charges.
**21.1	List of subsidiaries of the Company.
**23.1	Consent of Ernst & Young LLP.
**31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
**31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
**32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated September 18, 2009 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated November 5, 2009).
***101.INS	XBRL Instance Document.
***101.SCH	XBRL Taxonomy Extension Schema Document.
***101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
***101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
***101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
***101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

* Compensatory plan or arrangement.
** Filed herewith.
*** Submitted electronically with the Report.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on February 6, 2018.

Lear Corporation

By: /s/ Matthew J. Simoncini

Matthew J. Simoncini
President and Chief Executive Officer and a Director (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of Lear Corporation and in the capacities indicated on February 6, 2018.

/s/ Matthew J. Simoncini
Matthew J. Simoncini
President and Chief Executive Officer and a Director
(Principal Executive Officer)

/s/ Jeffrey H. Vanneste
Jeffrey H. Vanneste
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Amy A. Doyle
Amy A. Doyle
Vice President, Chief Accounting Officer
(Principal Accounting Officer)

/s/ Richard H. Bott
Richard H. Bott
a Director

/s/ Thomas P. Capo
Thomas P. Capo
a Director

/s/ Jonathan F. Foster
Jonathan F. Foster
a Director

/s/ Mary Lou Jepsen
Mary Lou Jepsen
a Director

/s/ Kathleen A. Ligocki
Kathleen A. Ligocki
a Director

/s/ Conrad L. Mallett, Jr.
Conrad L. Mallett, Jr.
a Director

/s/ Donald L. Runkle
Donald L. Runkle
a Director

/s/ Gregory C. Smith
Gregory C. Smith
a Director

/s/ Henry D.G. Wallace
Henry D.G. Wallace
Non-Executive Chairman of the Board of Directors and
a Director

Exhibit 10.9

LEAR CORPORATION
2009 LONG-TERM STOCK INCENTIVE PLAN

FORM OF RESTRICTED STOCK UNIT "CAREER SHARES" AWARD AGREEMENT

This RESTRICTED STOCK UNIT "CAREER SHARES" AWARD AGREEMENT (the "Award Agreement") is entered into as of _____________ __, 20__ (the "Grant Date"), by and between Lear Corporation (the "Company") and the individual whose name appears on the signature page hereof (the "Participant"). The parties hereto agree as follows:

1. Definitions. Any term capitalized herein but not defined will have the meaning set forth in the Lear Corporation 2009 Long-Term Stock Incentive Plan (the "Plan").

2. Grant and Vesting of Restricted Stock Units.

(a) As of the Grant Date, the Participant will be credited with ___________ Restricted Stock Units. Each Restricted Stock Unit is a notional amount that represents one unvested share of Common Stock, $0.01 par value, of the Company (the "Common Stock"). Each Restricted Stock Unit constitutes the right, subject to the terms and conditions of the Plan and this Award Agreement, to distribution of a Share following the vesting of such Restricted Stock Units and satisfaction of the other requirements contained herein. If the Participant's employment with the Company and all of its Affiliates terminates before the date that all of the Restricted Stock Units vest and are distributed, his or her right to receive the Shares underlying Restricted Stock Units will be only as provided in Section 4.

(b) The Restricted Stock Units will vest on the third anniversary of the Grant Date, subject to the provisions of Section 4.

3. Rights as a Stockholder.

(a) Unless and until a Restricted Stock Unit has vested and the Share underlying it has been distributed to the Participant, the Participant will not be entitled to vote in respect of that RSU or that Share.

(b) If the Company declares a cash dividend on its Common Stock, then, on the payment date of the dividend, the Participant will be credited with dividend equivalents equal to the amount of cash dividend per share multiplied by the number of Restricted Stock Units credited to the Participant through the record date. The dollar amount credited to a Participant under the preceding sentence will be credited to an account ("Account") established for the Participant for bookkeeping purposes only on the books of the Company. The amounts credited to the Account will be credited as of the last day of each month with interest, compounded monthly, until the amount credited to the Account is paid to the Participant. The rate of interest credited under the previous sentence will be the prime rate of interest as reported by the Midwest edition of the Wall Street Journal for the second business day of each quarter on an annual basis. The balance in the Account will be subject to the same terms regarding vesting, distribution and forfeiture as the Participant's Restricted Stock Units awarded under this Award Agreement, and will be paid in cash in a single sum at the time that the Shares associated with the Participant's Restricted Stock Units are delivered (or forfeited at the time that the Participant's Restricted Stock Units are forfeited).

4. Termination of Employment. Notwithstanding any language in the Plan or the Participant's employment agreement to the contrary, the Participant's right to receive the Shares underlying his or her Restricted Stock Units after termination of his or her employment will be only as follows:

(a) Qualifying Retirement; Termination Without Cause or for Good Reason. If the Participant experiences a Qualifying Retirement, is terminated by the Company without Cause or terminates his or her employment for Good Reason prior to the distribution of any Shares underlying any Restricted Stock Units, the Participant will be entitled to receive (subject to Sections 4(d) and 5) the Shares underlying any Restricted Stock Units that have then vested. In addition, if the Participant experiences a Qualifying Retirement, is terminated by the Company without Cause, or terminates his or her employment for Good Reason, in each case after the first anniversary of the Grant Date, the unvested Restricted Stock Units will continue to vest as scheduled following such termination. The Participant will forfeit the right to receive Shares underlying any Restricted Stock Units that would not have vested in the 24 month period following the Participant's termination of employment by the Company without Cause, by the Participant for Good Reason, or upon the Participant's Qualifying Retirement. The Participant's "Qualifying Retirement" date is the date of his or her retirement after (i) attaining a combination of years of age and service with the Company and its Affiliates (including service with another company prior to it becoming an Affiliate) of at least 65, with a minimum age of 55 and at least five years of service with the Company and its Affiliates (only if an Affiliate at the time of service) or (ii) attaining age 62.

(b) Death or Disability. If the Participant's employment with the Company is terminated upon the Participant's death or Disability, the Participant will be immediately entitled to receive the Shares underlying all of the Restricted Stock Units, whether vested or unvested. If the Participant is a party to an employment or severance agreement with the Company, for purposes of this Section 4, the term "Disability" shall mean "Incapacity" as defined in the Participant's employment or severance agreement, as applicable.

(c) Certain Terminations Following a Change in Control. Notwithstanding any language in the Plan or the Participant's employment agreement to the contrary, the Restricted Stock Units do not vest solely upon a Change in Control unless such Award is not assumed by the Company's successor or converted to equivalent value awards upon substantially the same terms effective immediately following the Change in Control. However, the Participant will be immediately entitled to receive the Shares underlying all of the Restricted Stock Units, whether vested or unvested, if the Participant experiences a Qualifying Termination. A "Qualifying Termination" occurs if, within 24 months following a Change in Control, the Participant (i) is terminated by the Company without Cause or (ii) terminates his or her employment with the Company for Good Reason.

For purposes of this Award Agreement, "Good Reason" shall have the same meaning as set forth in the Participant's employment agreement with the Company or any Affiliate. If the Participant is not a party to an employment agreement with the Company or any Affiliate that defines such term, "Good Reason" shall mean the occurrence of any of the following circumstances or events:

(i) any reduction by the Company in the Participant's base salary or adverse change in the manner of computing the Participant's incentive compensation opportunity, as in effect from time to time;

(ii) the failure by the Company to pay or provide to the Participant any amounts of base salary or earned incentive compensation or any benefits which are due, owing and payable to the Participant, or to pay to the Participant any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(iii) the failure by the Company to continue to provide the Participant with benefits substantially similar in the aggregate to the Company's life insurance, medical, dental, health, accident or disability plans in which the Participant is participating at the date of this Award Agreement;

(iv) except on a temporary basis due to the Participant's Disability, a material adverse change in the Participant's responsibilities, position, reporting relationships, authority or duties. For purposes of clarification, the Participant agrees that it will not be a material adverse change for the Company to reassign the Participant to a position with at least substantially similar responsibilities and authority; or

(v) the transfer of the Participant's principal place of employment to a location fifty (50) or more miles from its location immediately preceding the transfer.

Notwithstanding anything else herein, Good Reason shall not exist if, with regard to the circumstances or events relied upon in the Participant's notice of termination of employment given to the Company (the "Notice of Termination"): (x) the Participant failed to provide a Notice of Termination to the Company within sixty (60) days of the date the Participant knew or should have known of such circumstances or events, (y) the circumstances or events are fully corrected by the Company prior to the date of termination of employment, or (z) the Participant gives his or her express written consent to the circumstances or events.

(d) Other Termination of Employment; Violation of Restrictive Covenants. If the Participant violates any of the restrictive covenants contained in Section 6 of this Award Agreement or any similar covenants in any employment or severance agreement of the Participant, the Participant will forfeit the right to receive Shares underlying any Restricted Stock Units, whether vested or unvested. If the Participant's employment with the Company is terminated for any reason other than the reasons specified in subsections (a) - (c) above (including termination by the Company for Cause or his or her voluntary termination of employment for any reason), the Participant will forfeit the right to receive Shares underlying any Restricted Stock Units, whether vested or unvested.

5. Timing and Form of Payment. Except as provided in Sections 4(b) or 4(c) and subject to compliance with Section 4(d), a Share will be distributed for each Restricted Stock Unit on the later to occur of the date the Participant reaches age 62 and the vesting date for the Restricted Stock Unit; provided, that such distribution of Shares will occur (i) with respect to a Participant's Qualifying Retirement, on the earlier to occur of (A) the third anniversary of the Participant's Qualifying Retirement date or (B) the date that the Participant reaches age 62 (or such later Restricted Stock Unit vesting date, if applicable), or (ii) with respect to the Participant's termination of employment by the Company without Cause or by the Participant for Good Reason after the Participant has attained a combination of years of age and service with the Company and its Affiliates of at least 65, with a minimum age of 55 and at least five years of service with the Company and its Affiliates (only if an Affiliate at the time of service), on the earlier to occur of (A) the third anniversary of the date of the Participant's termination of employment; or (B) the date that the Participant reaches age 62 (or such later Restricted Stock Unit vesting date, if applicable). Delivery of the Share underlying such vested Restricted Stock Unit will be made as soon as administratively feasible after it becomes distributable in accordance with the preceding sentence. Shares will be credited to an account established for the benefit of the Participant with the Company's administrative agent. The Participant will have full legal and beneficial ownership with respect to the Shares at that time.

6. Restrictive Covenants.

(a) Noncompetition. The Participant agrees not to directly or indirectly engage in any Competitive Activity during the period of his employment with the Company and its Affiliates and for a

period of two (2) years after the termination of the Participant's employment with the Company and its Affiliates (or such lesser period expiring upon final distribution of Shares in accordance with the terms of this Award Agreement). For purposes of this Award Agreement, the term "Competitive Activity" shall mean the Participant's participation as an employee, director or consultant, without the written consent of the Board or any authorized committee thereof, in the management of any business enterprise anywhere in the world if such enterprise is a "Significant Customer" of any product or service of the Company or any of its Affiliates or engages in competition with any product or service of the Company or any of its Affiliates (including without limitation any enterprise that is a supplier to an original equipment automotive vehicle manufacturer) or is planning to engage in such competition. For purposes of this Award Agreement, the term "Significant Customer" shall mean any customer who represents in excess of 5% of the Company's sales or any of its Affiliate's sales in any of the three calendar years prior to the date of determination. "Competitive Activity" shall not include the mere ownership of, and exercise of rights appurtenant to, securities of a publicly-traded company representing 5% or less of the total voting power and 5% or less of the total value of such an enterprise. The Participant agrees that the Company is a global business and that it is appropriate for this Section 6(a) to apply to Competitive Activity conducted anywhere in the world.

The Participant acknowledges and agrees that damages in the event of a breach or threatened breach of the covenant not to compete in this Section 6(a) will be difficult to determine and will not afford a full and adequate remedy, and therefore agrees that the Company, in addition to seeking actual damages, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. The Participant and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

(b) Nonsolicitation. The Participant shall not directly or indirectly, either on the Participant's own account or with or for anyone else, solicit or attempt to solicit any of the Company's customers or any of its Affiliate's customers, solicit or attempt to solicit for any business endeavor or hire or attempt to hire any employee of the Company or any of its Affiliates, or otherwise divert or attempt to divert from the Company or any of its Affiliates any business whatsoever or interfere with any business relationship between the Company or any of its Affiliates and any other person, for a period of two (2) years after the termination of the Participant's employment with the Company and its Affiliates (or such lesser period expiring upon final distribution of Shares in accordance with the terms of this Award Agreement).

7. Assignment and Transfers. The Participant may not assign, encumber or transfer any of his or her rights and interests under the Award described in this Award Agreement, except, in the event of his or her death, by will or the laws of descent and distribution.

8. Withholding Tax. The Company and any Affiliate will have the right to retain Shares or cash that are distributable to the Participant hereunder to the extent necessary to satisfy any withholding taxes, whether federal, state or local, triggered by the distribution of Shares or cash pursuant to the Award reflected in this Award Agreement.

9. Securities Law Requirements.

(a) The Restricted Stock Units are subject to the further requirement that, if at any time the Committee determines in its discretion that the listing or qualification of the Shares subject to the Restricted Stock Units under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the issuance of Shares under it, then Shares will not be issued under the Restricted Stock Units, unless the necessary listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee.

(b) No person who acquires Shares pursuant to the Award reflected in this Award Agreement may, during any period of time that person is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933 (the "1933 Act")) sell the Shares, unless the offer and sale is made pursuant to (i) an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) an appropriate exemption from the registration requirements of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act. With respect to individuals subject to Section 16 of the Exchange Act, transactions under this Award are intended to comply with all applicable conditions of Rule 16b-3, or its successors under the Exchange Act. To the extent any provision of the Award or action by the Committee fails to so comply, the Committee may determine, to the extent permitted by law, that the provision or action will be null and void.

10. No Limitation on Rights of the Company. Subject to Sections 4.3 and 15.2 of the Plan, the grant of the Award described in this Award Agreement will not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

11. Plan, Restricted Stock Units and Award Not a Contract of Employment. Neither the Plan, the Restricted Stock Units nor any other right or interest that is part of the Award reflected in this Award Agreement is a contract of employment, and no terms of employment of the Participant will be affected in any way by the Plan, the Restricted Stock Units, the Award, this Award Agreement or related instruments, except as specifically provided therein. Neither the establishment of the Plan nor the Award will be construed as conferring any legal rights upon the Participant for a continuation of employment, nor will it interfere with the right of the Company or any Affiliate to discharge the Participant and to treat him or her without regard to the effect that treatment might have upon him or her as a Participant.

12. No Guarantee of Future Awards. This Award Agreement does not guarantee the Participant the right to or expectation of future Awards under the Plan or any future plan adopted by the Company.

13. Participant to Have No Rights as a Stockholder. Except as provided in Section 3 above, the Participant will have no rights as a stockholder with respect to any Shares subject to the Restricted Stock Units prior to the date on which he or she is recorded as the holder of those Shares in the records of the Company.

14. Notice. Any notice or other communication required or permitted hereunder must be in writing and must be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice will be deemed given when so delivered personally or, if mailed, three days after the date of deposit in the United States mail, in the case of the Company to 21557 Telegraph Road, Southfield, Michigan, 48033, Attention: General Counsel and, in the case of the Participant, to the last known address of the Participant in the Company's records.

15. Governing Law. Unless preempted by federal law, this Award Agreement and the Award will be construed and enforced in accordance with, and governed by, the laws of the State of Michigan, determined without regard to its conflict of law rules.

16. Code Section 409A. Notwithstanding any other provision in this Award Agreement, if the Participant is a "specified employee" (as such term is defined for purposes of Code Section 409A) at the time of his or her termination of employment, no amount that is subject to Code Section 409A and that becomes payable by reason of such termination of employment shall be paid to the Participant before the earlier of (i) the expiration of the six-month period measured from the date of the Participant's termination of employment, and (ii) the date of the Participant's death.

17. Claims Procedures. The Participant may contact the Company's Vice President, Compensation and Benefits at 21557 Telegraph Road, Southfield, Michigan, 48033, Attention: Vice President, Compensation and Benefits for a copy of the Company's claims procedures with respect to this Award.

18. Incentive Compensation Recoupment Policy. Notwithstanding any provision in the Plan or in Award Agreement to the contrary, the Award is subject to the Incentive Compensation Recoupment Policy established by the Company, as amended from time to time.

19. Plan Document Controls. The rights granted under this Award Agreement are subject to the provisions of the Plan to the same extent and with the same effect as if they were set forth fully therein. Except with respect to the vesting, termination and change in control provisions contained in Sections 2 and 4 of this Award Agreement (which expressly supersede contrary terms contained in the Plan), if the terms of this Award Agreement conflict with the terms of the Plan document, the Plan document will control.

* * *

By signing below, the Participant expressly agrees to the terms of this Award Agreement. For purposes of this Award only, any contrary provisions in the Participant's employment agreement or in the Plan regarding the vesting of equity awards in the event of the Participant's termination of employment or upon a Change in Control are hereby expressly superseded by the terms of this Award Agreement.

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

LEAR CORPORATION

By: ____________________________

Name: ____________________________

Title: ____________________________

PARTICIPANT:

____
[NAME]

Exhibit 10.10

LEAR CORPORATION
2009 LONG-TERM STOCK INCENTIVE PLAN

FORM OF PERFORMANCE SHARE TERMS AND CONDITIONS

1. DEFINITIONS. Any term capitalized herein, but not defined, shall have the meaning set forth in the Lear Corporation 2009 Long-Term Stock Incentive Plan (the "Plan").

2. GRANT. In accordance with the terms of the Plan, the Company hereby grants to the Participant identified above a Performance Share Award (in the amount set forth in Section 6 hereof) subject to the terms and conditions set forth herein (the "Terms").

3. PERFORMANCE PERIOD. The Performance Period for this Award shall be the three-year period commencing on January 1, 20__ and ending on December 31, 20__.

4. PERFORMANCE MEASURE. The Award shall be based on two performance measures for the Performance Period: Adjusted Return on Invested Capital ("Adjusted ROIC") and Adjusted Cumulative Pretax Income. Two-thirds (2/3) of the Award shall be based on Adjusted ROIC and the remaining one-third (1/3) shall be based on Adjusted Cumulative Pretax Income. Adjusted ROIC is the Company’s pre-tax income before equity income, interest and other expense adjusted for unusual or non-recurring items, including restructuring costs, asset impairment charges, certain litigation costs, insurance recoveries, costs related to proxy contests, acquisitions, divestitures and the adoption of new accounting pronouncements, after taxes (assuming the highest U.S. Federal corporate income tax rate of 35% and excluding certain one-time tax transactions), divided by average invested capital. Average invested capital consists of total assets plus the present value of operating leases, less investment in affiliates, accounts payable and drafts and accrued liabilities, as well as certain other transactions. Adjusted Cumulative Pretax Income is the Company’s cumulative net income for the Performance Period before a provision for income taxes, adjusted for unusual or non-recurring items, including restructuring costs, asset impairment charges, certain litigation costs, insurance recoveries, costs related to proxy contests, acquisitions, divestitures, financing activities, transactions with affiliates and the adoption of new accounting pronouncements.

The Company’s actual Adjusted ROIC performance for the Performance Period will be determined by calculating the average of the actual Adjusted ROIC performance for each of the years in the Performance Period.

5. PERFORMANCE GOALS.

Performance At	Performance Goals	
	Adjusted Return on Invested Capital	**Adjusted Cumulative Pretax Income (millions)**
Maximum (200%)	[goal]	[goal]
Target (100%)	[goal]	[goal]
Threshold (50%)	[goal]	[goal]

6. PERFORMANCE SHARES.

a. The Participant has been credited with a target number of Performance Shares specified on the letter that accompanies this document. The number of Performance Shares actually earned, if any, will be based on the Company's performance and may range from 50% of the target award level for achievement of the performance goals (set forth in Section 5 above) at "threshold" to 200% of the target award level for achievement of the performance goals at "maximum". Two-thirds (2/3) of the Performance Shares may be earned during the Performance Period based on the Company's Adjusted Return on Invested Capital performance and one-third (1/3) of the Performance Shares may be earned based on the Company's Adjusted Cumulative Pretax Income performance. For example, based upon a target award of 300 Performance Shares, the number of Performance Shares earned shall be as follows:

Performance At	**Performance Shares**	
	Adjusted Return on Invested Capital	**Adjusted Cumulative Pretax Income**
Maximum	400	200
Target	**200**	**100**
Threshold	100	50

b. In the event that the Company's actual performance does not meet threshold, Performance Shares shall not be earned.

c. If the Company's actual performance is between "threshold" and "target," the Performance Shares earned shall equal the Performance Shares for threshold plus the number of Performance Shares determined under the following formula:

$$(TAS - TS) \times \frac{AP - TP}{TAP - TP}$$

TAS = The Performance Shares for target.

TS = The Performance Shares for threshold.

AP = The Company's actual performance.

TP = The threshold performance goal.

TAP = The target performance goal.

e. If the Company's actual performance is between "target" and "maximum," the Performance Shares earned shall equal the Performance Shares for target plus the number of Performance Shares determined under the following formula:

$$(MS - TAS) \times \frac{AP - TAP}{MP - TAP}$$

MS = The Performance Shares for maximum.

TAS = The Performance Shares for target.

AP = The Company's actual performance.

TAP = The target performance goal.

MP = The maximum performance goal.

f. If the Company's actual performance exceeds "maximum," the Performance Shares earned shall equal the Performance Shares for maximum.

7. TIMING AND FORM OF PAYOUT. Except as hereinafter provided, after the end of the Performance Period, the Participant shall be entitled to receive a number of shares of the Company’s common stock, par value $.01 share (“Common Stock”), equal to his or her total number of Performance Shares determined under Section 6. Delivery of such shares of Common Stock shall be made in the calendar year next following the end of the Performance Period, as soon as administratively feasible after Adjusted ROIC and Adjusted Cumulative Pretax Income results are approved and certified by the Compensation Committee, but in no event later than December 31 of that year.

If the Company declares a cash dividend on its shares, then, on the payment date of the dividend, the Participant will be credited with dividend equivalents equal to the amount of cash dividend per share multiplied by the Target number of Performance Shares credited to the Employee through the record date. The dollar amount credited to the Participant under the preceding sentence will be credited to an account ("Account") established for the Participant for bookkeeping purposes only on the books of the Company. The amounts credited to the Account will be credited as of the last day of each month with interest, compounded monthly, until the amount credited to the Account is paid to the Participant. The rate of interest credited under the previous sentence will be the prime rate of interest as reported by the Midwest edition of the Wall Street Journal for the second business day of each quarter on an annual basis. The balance in the Account will be subject to the same terms regarding levels of payment and forfeiture as the Participant's Performance Shares awarded under the accompanying letter and this document, and will be paid in cash in a single sum at the time that any Shares associated with the Participant's Performance Shares are delivered (or forfeited at the time that the Employee's Performance Shares are forfeited). For purposes of clarity, if the Maximum performance goal is achieved, the dividend Account will be paid at twice the amount of the Account at Target level, and if only the Threshold goal is achieved, the dividend Account will be paid at half the amount of the Account at Target level. The dividend Account for levels of performance in between the foregoing levels of performance will be paid at interpolated amounts in the proportions identified in Section 6 hereof. If no Performance Shares are earned, no amount in the Account will be paid.

8. TERMINATION OF EMPLOYMENT DUE TO END OF SERVICE, DEATH, DISABILITY, BY THE COMPANY WITHOUT CAUSE, OR BY THE PARTICIPANT FOR GOOD REASON. If a Participant ceases to be an employee prior to the end of the Performance Period by reason of End of Service, death, Disability, or termination by the Company for any reason other than Cause, the Participant (or in the case of the Participant's death, the Participant's beneficiary) shall be entitled to receive a number of shares of Common Stock the Participant would have been entitled to under Section 6 if he or she had remained employed until the last day of the Performance Period multiplied by a fraction, the numerator of which shall be the number of full calendar months during the period of January 1, 20__ through the date the Participant's employment terminated and the denominator of which shall be 36, the total number of months in the Performance Period; provided, however, that in the case a termination of the Participant’s employment by the Company for any reason other than Cause, any such shares will only be deliverable if the Participant executes and delivers to the Company a general release agreement (a “Release”) in form and substance reasonably acceptable to the Company in connection with the Employee’s termination of employment (and any revocation period expires) no later than forty-five (45) calendar days after the Participant’s termination of employment, and such shares shall not become deliverable until the later of (i) forty-five (45) calendar

days after the termination of employment, regardless of when the Release is returned to the Company, or (ii) the date on which all other participants receive shares in accordance with the terms of the Award. Delivery of such shares of Common Stock shall be made in the calendar year next following the end of the Performance Period, as soon as administratively feasible after Adjusted ROIC and Adjusted Cumulative Pretax Income results are approved and certified by the Compensation Committee, but in no event later than December 31 of that year. For each Participant who is a party to an employment or severance agreement with the Company and whose employment is terminated by the Company for any reason other than Cause or by the Participant for Good Reason (as defined therein), the foregoing provisions relating to such termination scenarios shall not apply and the terms of the employment or severance agreement applicable thereto shall govern instead. For each Participant who is a party to an employment or severance agreement with the Company, for purposes of this Section 8, the term "Disability" shall mean "Incapacity" as defined in such Participant's employment or severance agreement, as applicable. “End of Service” shall mean the date of a Participant’s retirement after attaining a combination of years of age and service with the Company and its Affiliates (including service with another company prior to it becoming an Affiliate) of at least 65, with a minimum age of 55 and at least five years of service with the Company and its Affiliates (only if an Affiliate at the time of service).

Any distribution made with respect to a Participant who has died shall be paid to the beneficiary designated by the Participant pursuant to Article 11 of the Plan to receive amounts payable under this Award. If the Participant's beneficiary predeceases the Participant or no beneficiary has been properly designated, distribution of any amounts payable to the Participant under this Award shall be made to the Participant's surviving spouse and if none, to the Participant's estate.

9. TERMINATION OF EMPLOYMENT FOR ANY OTHER REASON. Except as provided in Section 8, the Participant must be an employee of the Company and/or an Affiliate continuously from the date of this Award until the last day of the Performance Period to be entitled to receive any amounts with respect to any Performance Shares he or she may have earned hereunder. Notwithstanding anything herein to the contrary, if the Participant’s employment is terminated by the Company for Cause prior to the end of the Performance Period, or after the end of the Performance Period but prior to a payout of the Performance Shares pursuant to Section 7, all Performance Shares awarded hereunder shall immediately be cancelled and forfeited, and the Participant shall have no further rights with respect thereto.

10. ASSIGNMENT AND TRANSFERS. The rights and interests of the Participant under this Award may not be assigned, encumbered or transferred except, in the event of the death of the Participant, by will or the laws of descent and distribution.

11. WITHHOLDING TAX. The Company and any Affiliate shall have the right to retain any amounts that are distributable to the Participant hereunder to the extent necessary to satisfy any required withholding taxes, whether federal, state or local, triggered by the payment of any amounts under this Award.

12. NO LIMITATION ON RIGHTS OF THE COMPANY. The grant of this Award shall not in any way affect the right or power of the Company to make adjustments, reclassification, or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

13. PLAN AND TERMS NOT A CONTRACT OF EMPLOYMENT. Neither the Plan nor these Terms is or are a contract of employment, and no terms of employment of the Participant shall be affected in any way by the Plan, these Terms or related instruments except as specifically provided therein. Neither the establishment of the Plan nor these Terms shall be construed as conferring any legal rights upon the Participant for a continuation of employment, nor shall it interfere with the right of the Company or any Affiliate to discharge the Participant and to treat him or her without regard to the effect that such treatment

might have upon him or her as a Participant.

14. NOTICE. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally or, if mailed, three days after the date of deposit in the United States mail, in the case of the Company to 21557 Telegraph Road, Southfield, Michigan, 48033, Attention: General Counsel and, in the case of the Participant, to its address set forth on the signature page hereto or, in each case, to such other address as may be designated in a notice given in accordance with this Section.

15. GOVERNING LAW. These Terms shall be construed and enforced in accordance with, and governed by, the laws of the State of Michigan, determined without regard to its conflict of law rules.

16. Incentive Compensation Recoupment Policy. Notwithstanding any provision in the Plan or in these Terms to the contrary, the Award is subject to the Incentive Compensation Recoupment Policy established by the Company, as amended from time to time.

17. PLAN DOCUMENT CONTROLS. The rights herein granted are in all respects subject to the provisions set forth in the Plan to the same extent and with the same effect as if set forth fully herein. In the event that the terms of these Terms conflict with the terms of the Plan document, the Plan document shall control.

Exhibit 10.13

Lear Corporation

Salaried Retirement Restoration Program

Effective Date
December 29, 2017

Lear Corporation Salaried Retirement Restoration Program

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Article I

Establishment and Purpose

Lear Corporation (the "Company") hereby amends and restates the Lear Corporation Salaried Retirement Restoration Program (the "Program"), effective December 29, 2017 (the "Effective Date"). This amendment and restatement applies to any Compensation Deferral Agreement submitted after the Effective Date and which are applicable to Compensation earned and deferred on or after January 1, 2018. Notwithstanding anything herein to the contrary, this Program, as amended and restated as of the Effective Date, shall not

apply with respect to any PSP Excess Accounts, which shall continue to be governed by the terms of the Program, as amended and restated effective January 1, 2013.

The purpose of the Program is to attract and retain key employees of the Employer by providing them with an opportunity to defer receipt of a portion of their annual base salary ("Salary") and/or annual cash incentive compensation that may be earned pursuant to the Lear Corporation Annual Incentive Plan or any successor plan ("Bonus"). The Program is not intended to meet the qualification requirements of Code Section 401(a), but is intended to meet the requirements of Code Section 409A, and shall be operated and interpreted consistent with that intent.

The Program constitutes an unsecured promise by a Participating Employer to pay benefits in the future. Participants in the Program shall have the status of general unsecured creditors of the Participating Employer. Each Participating Employer shall be solely responsible for payment of the benefits attributable to services performed for it. The Program is unfunded for Federal tax purposes and is intended to be an unfunded arrangement for Eligible Employees who are part of a select group of management or highly compensated employees of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Any amounts set aside to defray the liabilities assumed by the Participating Employer will remain the general assets of the Participating Employer and shall remain subject to the claims of the Participating Employer's creditors until such amounts are distributed to the Participants.

Article II

Definitions

2.1 Account. Account means a bookkeeping account maintained by the Committee to record the payment obligation of a Participating Employer to a Participant as determined under the terms of the Program. The Committee may maintain an Account to record the total obligation to a Participant and component Accounts to reflect amounts payable at different times and in different forms. Unless the Committee provides otherwise for one (1) or more Participants, a Participant shall have a Retirement Account and may establish up to five (5) additional Flex Accounts. Reference to an Account means any such Account established by the Committee, as the context requires. Accounts are intended to constitute unfunded obligations within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.2 Account Balance. Account Balance means, with respect to any Account, the total payment obligation owed to a Participant from such Account as of the most recent Valuation Date.

2.3 Affiliate. Affiliate means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Sections 414(b) or (c).

2.4 Beneficiary. Beneficiary means a natural person, estate, or trust designated by a Participant in accordance with Article XII hereof to receive payments to which a Beneficiary is entitled in accordance with provisions of the Program.

2.5 Business Day. Business Day means each day on which the New York Stock Exchange is open for business.

2.6 Claimant. Claimant means a Participant or Beneficiary filing a claim under Article XI of this Program.

2.7 Code. Code means the Internal Revenue Code of 1986, as amended from time to time.

2.8 Code Section 409A. Code Section 409A means Section 409A of the Code, and regulations and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

2.9 Committee. Committee means the Lear Corporation Employee Benefits Committee.

2.10 Company. Company means Lear Corporation and any successor thereto.

2.11 Company Contribution. Company Contribution means a credit by a Participating Employer to a Participant's Account(s) in accordance with the provisions of Article V of the Program. Unless the context clearly indicates otherwise, a reference to Company Contribution shall include Earnings attributable to such contributions.

2.12 Compensation. Compensation means a Participant's Salary or Bonus that may be deferred under Section 4.2 of this Program, excluding any compensation that has been previously deferred under this Program or any other arrangement subject to Code Section 409A and excluding any compensation that is not U.S. source income.

2.13 Compensation Deferral Agreement. Compensation Deferral Agreement means an agreement between a Participant and a Participating Employer that specifies: (i) the amount of each component of Compensation that the Participant has elected to defer to the Program in accordance with the provisions of Article IV, and (ii) the Payment Schedule applicable to one (1) or more Accounts.

2.14 Deferral. Deferral means a credit to a Participant's Account(s) that records that portion of the Participant's Compensation that the Participant has elected to defer to the Program in accordance with the provisions of Article IV. Unless the context of the Program clearly indicates otherwise, a reference to Deferrals includes Earnings attributable to such Deferrals.

2.15 Disability. Disability means a Participant is eligible to receive long-term disability benefits under the applicable long-term disability plan of the Company.

2.16 Earnings. Earnings means an adjustment to the value of an Account in accordance with Article VII.

2.17 Eligible Employee. Eligible Employee means an Employee who receives U.S. source income, who is a member of a select group of management or highly compensated employees and who meets one or more of the following eligibility conditions: (i) the Employee has an annual base salary that meets or exceeds five-sixths (5/6) of the limit established under Code Section 401(a)(17) (determined based on his or her annual base salary as of the November 1 of the year preceding the applicable Plan Year; provided, that the compensation of a newly-hired Employee shall be determined, with respect to the calendar year in which such employee is hired, by annualizing such Employee's salary as of his or her commencement of employment); (ii) the Employee has a title that is at or above that of a Vice President of the Company; or (iii) the Employee met the following two (2) conditions with respect to the year preceding the applicable Plan Year: (1) satisfied the eligibility conditions set forth in this Section 2.17 and (2) earned compensation that meets or exceeds the limit established under Code Section 401(a)(17) (for this purpose, it will be assumed that such Employee continues to earn the same base salary from the date of determination through the end of the year preceding the applicable Plan Year). An Employee becomes an Eligible Employee on the date set forth in Section 3.1.

2.18 Employee. Employee means a common-law employee of an Employer.

2.19 Employer. Employer means the Company and each Affiliate.

2.20 ERISA. ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.21 Flex Account. Flex Account means a Specified Date Account or a Separation Account established by the Committee in accordance with a Participant's Compensation Deferral Agreement. Unless otherwise specified by the Committee, no more than five (5) Flex Accounts shall be maintained for a Participant at any time.

2.22 Participant. Participant means an individual who has an Account Balance greater than zero.

2.23 Participating Employer. Participating Employer means each Employer that has adopted the Program with the consent of the Company. Each Participating Employer shall be identified on Schedule A attached hereto.

2.24 Payment Schedule. Payment Schedule means the date as of which payment of an Account under the Program will commence and the form in which payment of such Account will be made.

2.25 Plan Year. Plan Year means January 1 through December 31.

2.26 Program. Program means the "Lear Corporation Salaried Retirement Restoration Program" as documented herein and as may be amended from time to time hereafter. However, to the extent permitted or required under Code Section 409A, the term Program may in the appropriate context also mean a portion of the Program that is treated as a single plan under Treas. Reg. Section 1.409A-1(c), or the Program or portion of the Program and any other nonqualified deferred compensation plan or portion thereof that is treated as a single plan under such section.

2.27 Retirement Account. Retirement Account means an Account established by the Committee to record Company Contributions and any Deferrals allocated to such Account under a Participant's Compensation Deferral Agreement and which are payable upon a Participant's Separation from Service.

2.28 Savings Program. Savings Program means the Lear Corporation Salaried Retirement Program.

2.29 Separation Account. Separation Account means a Flex Account established by the Committee to record amounts payable to a Participant upon Separation from Service as specified in the Participant's Compensation Deferral Agreement.

2.30 Separation from Service. Separation from Service, Separated from Service and similar terms mean the termination of a Participant's continuous employment or service with a Participating Employer, which shall be interpreted in a manner consistent with a "separation from service" as defined for purposes of Code Section 409A and Treas. Reg. Section 1.409A-1(h).

2.31 Specified Date Account. Specified Date Account means a Flex Account established by the Committee to record the amounts payable in a future year as specified in the Participant's Compensation Deferral Agreement.

2.32 Substantial Risk of Forfeiture. Substantial Risk of Forfeiture has the meaning specified in Treas. Reg. Section 1.409A-1(d).

2.33 Unforeseeable Emergency. Unforeseeable Emergency means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2), and (d)(1)(B)), or a Beneficiary; loss of the Participant's property due to casualty (including the

need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The types of events which may qualify as an Unforeseeable Emergency may be limited by the Committee.

2.34 Valuation Date. Valuation Date means each Business Day.

Article III

Eligibility and Participation

3.1 Eligibility and Participation. An Employee is eligible to participate in the Program on the same date on which he or she is initially eligible to participate in the Savings Program. Eligibility under this Program is not conditioned on a Participant making or not making a deferral election under the Savings Program.

Eligible Employees become Participants upon the first to occur of:

(a) submission of a Compensation Deferral Agreement in accordance with Article IV and the subsequent crediting of Deferrals to his or her Account; or

(b) upon the initial crediting of Company Contributions to his or her Account.

To receive Company Contributions under Section 5.2, an otherwise Eligible Employee must have Compensation that meets or exceeds the limit established by the Internal Revenue Service under Code Section 401(a)(17) in the year in which the Company Contribution is made.

3.2 Duration. A Participant shall be eligible to defer Compensation and receive allocations of Company Contributions, subject to the terms of the Program, for as long as such Participant remains an Eligible Employee. A Participant who is no longer an Eligible Employee but has not Separated from Service will not be allowed to submit future Compensation Deferral Agreements but may otherwise exercise all of the rights of a Participant under the Program with respect to his or her Account(s). On and after a Separation from Service, a Participant shall remain a Participant as long as his or her Account Balance is greater than zero (0). All Participants, regardless of employment status, will continue to be credited with Earnings and may continue to make allocation elections as provided in Section 7.4. An individual shall cease being a Participant in the Program when his Account has been reduced to zero (0).

3.3 Rehires. An Eligible Employee who Separates from Service and who subsequently resumes performing services for the Employer in the same calendar year (regardless of eligibility) will have his or her Compensation Deferral Agreement for such year, if any, reinstated, but his or her eligibility to participate in the Program in years subsequent to the year of rehire shall be governed by the provisions of Section 3.1.

Article IV

Deferrals

4.2 Deferral Elections, Generally.

(a) A Participant may make an initial election to defer Compensation by submitting a Compensation Deferral Agreement during the enrollment periods established by the Committee and in the manner specified by the Committee, but in any event, in accordance

with Section 4.2. Unless an earlier date is specified in the Compensation Deferral Agreement, deferral elections with respect to a Compensation source (i.e., Salary or Bonus) become irrevocable on the latest date applicable to such Compensation source under Section 4.2.

(b) A Compensation Deferral Agreement that is not timely filed with respect to the service period in which an item of Compensation is earned, or that is submitted by a Participant who Separates from Service prior to the latest date such agreement would become irrevocable under Code Section 409A, shall be considered null and void and shall not take effect with respect to such item of Compensation. Notwithstanding anything in this Program or any Compensation Deferral Agreement to the contrary, the Committee may modify or revoke any Compensation Deferral Agreement prior to the date the election becomes irrevocable under the rules of Section 4.2.

(c) The Committee may permit different deferral amounts for each component of Compensation and may establish a minimum or maximum deferral amount for each such component. Unless otherwise specified by the Committee in the Compensation Deferral Agreement, a Participant may defer up to seventy-five percent (75%) of his or her Salary and up to ninety percent (90%) of his or her Bonus earned during a Plan Year.

(d) Deferrals of Compensation shall be calculated with respect to the gross cash Compensation payable to the Participant prior to any deductions or withholdings, but shall be reduced by the Committee as necessary so as not to exceed one-hundred percent (100%) of the Compensation of the Participant remaining after deduction of all required income and employment taxes, required employee benefit deductions, and other deductions required by law. Changes to payroll withholdings that affect the amount of Compensation being deferred to the Program shall be allowed only to the extent permissible under Code Section 409A.

(e) The Participant shall specify on his or her Compensation Deferral Agreement the amount of Deferrals and whether to allocate Deferrals to the Retirement Account or to one (1) or more Flex Accounts. If no designation is made, Deferrals shall be allocated to the Retirement Account.

4.2 Timing Requirements for Compensation Deferral Agreements.

(a) *Initial Eligibility.* The Committee may permit an Employee who meets the criteria of an Eligible Employee on his or her date of hire (other than the entry date requirement under Section 3.1) to defer Compensation upon initial eligibility. The Compensation Deferral Agreement must be filed within thirty (30) days of attaining Eligible Employee status and becomes irrevocable not later than the thirtieth (30th) day.

A Compensation Deferral Agreement filed under this paragraph applies to Compensation earned after the date that the Compensation Deferral Agreement becomes irrevocable.

(a) *Prior Year Election.* Except as otherwise provided in this Section 4.2, the Committee may permit an Eligible Employee to defer Compensation by filing a Compensation Deferral Agreement no later than December 31 of the year prior to the year in which the Compensation to be deferred is earned. A Compensation Deferral Agreement filed under this paragraph shall become irrevocable with respect to such Compensation not later than the December 31 filing deadline.

(b) *Short-Term Deferrals.* The Committee may permit Compensation that meets the definition of a "short-term deferral" described in Treas. Reg. Section 1.409A-1(b)(4) to be deferred in accordance with the rules of Section 6.9, applied as if the date the Substantial Risk of Forfeiture lapses is the date payments were originally scheduled to commence. A Compensation Deferral Agreement submitted in accordance with this paragraph becomes irrevocable not later than the latest date it could be submitted under Section 6.9.

4.3 Allocation of Deferrals. A Compensation Deferral Agreement may allocate Deferrals to the Retirement Account or to one (1) or more Flex Accounts. The Committee may, in its discretion, establish in a written communication during enrollment a minimum deferral period for the establishment of a Specified Date Account (for example, the third Plan Year following the year Compensation is first allocated to such Accounts.). In the event a Participant's Compensation Deferral Agreement allocates Compensation to a Specified Date Account that does not satisfy the minimum deferral period established by the Committee (if any), the Compensation Deferral Agreement shall be deemed to establish a new Specified Date Account commencing payment in the earliest Plan Year that satisfies the minimum deferral requirement. If such Account cannot be established (for example, if the Participant has exhausted his or her allotment of Flex Accounts) the Committee will allocate such Deferrals to the Specified Date Account with a commencement date next following the minimum deferral period and if no such Account is available, to the Retirement Account.

4.4 Deductions from Pay. The Committee has the authority to determine the payroll practices under which any component of Compensation subject to a Compensation Deferral Agreement will be deducted from a Participant's Compensation.

4.5 Vesting. Participant Deferrals of Compensation shall be one-hundred percent (100%) vested at all times.

4.6 Cancellation of Deferrals. The Committee may cancel a Participant's Deferrals: (i) for the balance of the Plan Year in which an Unforeseeable Emergency occurs, (ii) if the Participant receives a hardship distribution under the Savings Program, through the end of the Plan Year containing the last day on which deferrals must be suspended in accordance with regulations issued under Code Section 401(k), and (iii) during periods in which the Participant incurs a Disability, provided cancellation occurs no later than by the end of the taxable year of the Participant or the fifteenth (15th) day of the third (3rd) month following the date the Participant incurs the Disability.

Article V

Company Contributions

5.1 Matching Contributions. Each Participating Employer may credit a Participant's Retirement Account with a matching Company Contribution. The amount of matching Company Contribution is the excess, if any, of (A) the amount of company matching contributions (including both basic matching contributions and discretionary matching contributions) that would have been made on behalf of the Participant had the Participant's Deferrals been contributed to the Savings Program (without regard to any refunds of participant contributions required under the Code, or the effects of Code Sections 401(a)(17), 402(g) or 415), over (B) the company matching contributions (including both basic matching contributions and discretionary matching contributions) that would have been made to the Participant's account under the Savings Program on the basis of an assumed six percent (6%) deferral election under the Savings Program.

Matching Company Contributions are credited at the same time that company matching contributions are contributed to Savings Program accounts. It is not necessary for a Participant to receive a matching contribution under the Savings Program as a condition to receiving a matching Company Contribution under this Program. For the avoidance of doubt, a Participant may receive a Company Contribution with respect to the Participant's Bonus only to the extent that the Participant elects to defer the Bonus.

5.2 Non-Elective Contributions. Each Participating Employer may credit a Participant's Retirement Account with the excess, if any, of (A) the amount of non-elective Savings Program contributions that would have been made on behalf of the Participant, but without regard to the compensation and contribution limits under the Savings Program, over (B) actual non-elective contributions made to the Participant's account under the Savings Program.

5.3 Discretionary Company Contributions. A Participating Employer may, from time to time in its sole and absolute discretion, credit discretionary Company Contributions to any Participant's Retirement Account in any amount determined by the Participating Employer.

Discretionary Company Contributions are credited at the sole discretion of the Participating Employer and the fact that a discretionary Company Contribution is credited in one year shall not obligate the Participating Employer to continue to make such Company Contributions in subsequent years.

5.4 Vesting. Company Contributions described in Sections 5.1 and 5.2 vest after three (3) years of vesting service (as determined under the Savings Program), measured from a Participant's commencement of employment with the Company.

Company Contributions described in Section 5.3 vest according the schedule specified by the Participating Employer on or before the time the contributions are made.

All Accounts become one-hundred percent (100%) vested, if while employed by an Employer, a Participant dies, incurs a Disability or the Participant attains age 65.

Article VI

Payments from Accounts

6.1 General Rules. A Participant's Retirement Account and any Separation Accounts become payable upon the first to occur of the payment events applicable to each such Account under Sections 6.3 through 6.5. A Participant's Specified Date Accounts become payable upon the first to occur of the payment events applicable to each such Account under Sections 6.2 through 6.5.

Payment events and Payment Schedules elected by the Participant shall be set forth in a valid Compensation Deferral Agreement that establishes the Account to which such elections apply in accordance with Article IV or in a valid modification election applicable to such Account as described in Section 6.9.

Payment amounts are based on Account Balances as of the latest practicable Valuation Date preceding the date that the actual payment is made.

6.2 Specified Date Accounts.

(a) *Commencement.* Payment is made or begins in the calendar year designated by the Participant, not later than December 31 of the designated year.

(b) *Form of Payment.* Payment will be made in a lump sum, unless the Participant elected to receive annual installments up to five (5) years.

6.3 Separation from Service. Upon a Participant's Separation from Service other than death, a Participant's Retirement Account, Separation Accounts and Specified Date Accounts (regardless of whether payments have commenced) will be payable in accordance with this Section 6.3.

(a) *Payment Commencement.* Unless the Participant designates a later year, payment of the Retirement Account and Separation Accounts commences in the calendar year next following the Participant's Separation from Service, not later than December 31 of such year. Notwithstanding the foregoing, in no event will payment to a Participant who is a "specified employee" as defined in Code Section 409A(a)(2)(B) commence earlier than six (6) months following his or her Separation from Service.

(b) *Form of Payment-Retirement and Separation Accounts.* The Retirement Account and each Separation Account will pay in a single lump sum unless the Participant elected, for each such Account, to receive annual installments up to ten (10) years.

(c)

(d) *Form of Payment-Specified Date Accounts.* Payment is made in a lump sum only in the calendar year next following the Participant's Separation from Service, not later than December 31 of such year. The Payment Schedule under this Section 6.3(c) may not be modified under Section 6.9.

6.4 Death. Notwithstanding anything to the contrary in this Article VI, upon the death of the Participant (regardless of whether such Participant is an Employee at the time of death), all remaining vested Account Balances shall be paid to his or her Beneficiary in a single lump sum in the calendar year following the year of the Participant's death but no later than December 31 of such year.

(a) *Designation of Beneficiary in General*. The Participant shall designate a Beneficiary in the manner and on such terms and conditions as the Committee may prescribe. No such designation shall become effective unless filed with the Committee during the Participant's lifetime. Any designation shall remain in effect until a new designation is filed with the Committee; provided, however, that in the event a Participant designates his or her spouse as a Beneficiary, such designation shall be automatically revoked upon the dissolution of the marriage unless, following such dissolution, the Participant submits a new designation naming the former spouse as a Beneficiary. A Participant may from time to time change his or her designated Beneficiary without the consent of a previously-designated Beneficiary by filing a new designation with the Committee.

(b) *No Beneficiary*. If a designated Beneficiary does not survive the Participant amounts payable under the Program upon the death of the Participant shall be paid to the Participant's spouse, or if there is no surviving spouse, then to the duly appointed and currently acting personal representative of the Participant's estate. If there is no valid Beneficiary designated under the Program, the Participant's Beneficiary shall be such Participant's beneficiary under the Savings Program.

6.5 Unforeseeable Emergency. A Participant who experiences an Unforeseeable Emergency may submit a written request to the Committee to receive payment of all or any portion of his or her vested Accounts. If the emergency need cannot be relieved by cessation of Deferrals to the Program, the Committee may approve an emergency payment therefrom not to exceed the amount reasonably

necessary to satisfy the need, taking into account the additional compensation that is available to the Participant as the result of cancellation of deferrals to the Program, including amounts necessary to pay any taxes or penalties that the Participant reasonably anticipates will result from the payment. The amount of the emergency payment shall be subtracted first from the Account with the longest Payment Schedule, then the Account with the next longest Payment Schedule, continuing in this manner until the full amount of the distribution is made. Emergency payments shall be paid in a single lump sum within the ninety (90)-day period following the date the payment is approved by the Committee.

6.6 Administrative Cash-Out of Small Balances. Notwithstanding anything to the contrary in this Article VI, the Committee may at any time and without regard to whether a payment event has occurred, direct in writing an immediate lump sum payment of the Participant's Accounts if the balance of such Accounts, combined with any other amounts required to be treated as deferred under a single plan pursuant to Code Section 409A, does not exceed the applicable dollar amount under Code Section 402(g)(1)(B), provided any other such aggregated amounts are also distributed in a lump sum at the same time. Such lump sum payment shall automatically be made if the balance of such Accounts does not exceed the applicable dollar amount under Code Section 402(g)(1)(B) at the time the Participant Separates from Service.

6.7 Acceleration of or Delay in Payments. Notwithstanding anything to the contrary in this Article VI, the Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of an Account, provided such acceleration is permitted under Treas. Reg. Section 1.409A-3(j)(4). The Committee may also, in its sole and absolute discretion, delay the time for payment of an Account, to the extent permitted under Treas. Reg. Section 1.409A-2(b)(7).

6.8 Rules Applicable to Installment Payments. If a Payment Schedule specifies installment payments, payments will be made beginning as of the payment commencement date for such installments and shall continue to be made in each subsequent payment period until the number of installment payments specified in the Payment Schedule has been paid. The amount of each installment payment shall be determined by dividing (a) by (b), where (a) equals the Account Balance as of the last Valuation Date immediately preceding the date of payment and (b) equals the remaining number of installment payments. For purposes of Section 6.9, installment payments will be treated as a single form of payment. If an Account is payable in installments, the Account will continue to be credited with Earnings in accordance with Article VII hereof until the Account is completely distributed.

6.9 Modifications to Payment Schedules. A Participant may modify the Payment Schedule elected by him or her with respect to an Account, consistent with the permissible Payment Schedules available under the Program for the applicable payment event, provided such modification complies with the requirements of this Section 6.9.

(a) *Time of Election*. The modification election must be submitted to the Committee not less than twelve (12) months prior to the date payments would have commenced under the Payment Schedule in effect prior to modification (the "Prior Election").

(b) *Date of Payment under Modified Payment Schedule*. The date payments are to commence under the modified Payment Schedule must be no earlier than five (5) years after the date payment would have commenced under the Prior Election. Under no circumstances may a modification election result in an acceleration of payments in violation of Code Section 409A. If the Participant modifies only the form, and not the commencement date for payment,

payments shall commence on the fifth (5th) anniversary of the date payment would have commenced under the Prior Election.

(c) *Irrevocability; Effective Date*. A modification election is irrevocable when filed and becomes effective twelve (12) months after the filing date.

(f) *Effect on Accounts*. An election to modify a Payment Schedule is specific to the Account or payment event to which it applies, and shall not be construed to affect the Payment Schedules or payment events of any other Accounts.

Article VII

Valuation of Account Balances; Investments

7.1 Valuation. Deferrals shall be credited to appropriate Accounts on the date such Compensation would have been paid to the Participant absent the Compensation Deferral Agreement. Company contributions shall be credited to the Retirement Account at the times determined by the Committee. Valuation of Accounts shall be performed under procedures approved by the Committee.

7.2 Earnings Credit. Each Account will be credited with Earnings on each Business Day, based upon the Participant's investment allocation among a menu of investment options selected in advance by the Committee, in accordance with the provisions of this Article VII ("investment allocation").

7.3 Investment Options. Investment options will be determined by the Committee. The Committee, in its sole discretion, shall be permitted to add or remove investment options from the Program menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change.

7.4 Investment Allocations. A Participant's investment allocation constitutes a deemed, not actual, investment among the investment options comprising the investment menu. At no time shall a Participant have any real or beneficial ownership in any investment option included in the investment menu, nor shall the Participating Employer or any trustee acting on its behalf have any obligation to purchase actual securities as a result of a Participant's investment allocation. A Participant's investment allocation shall be used solely for purposes of adjusting the value of a Participant's Account Balances.

A Participant shall specify an investment allocation for each of his Accounts in accordance with procedures established by the Committee. Allocation among the investment options must be designated in increments of one percent (1%). The Participant's investment allocation will become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day.

A Participant may change an investment allocation on any Business Day, both with respect to future credits to the Program and with respect to existing Account Balances, in accordance with procedures adopted by the Committee. Changes shall become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day, and shall be applied prospectively.

7.5 Unallocated Deferrals and Accounts. If the Participant fails to make an investment allocation with respect to an Account, such Account shall be invested in an investment option, as determined by the Committee.

7.6 Valuations Final After 180 Days. The Participant shall have one-hundred and eighty (180) days following the Valuation Date on which the Participant failed to receive the full amount of Earnings and to file a claim under Article XI for the correction of such error.

Article VIII

Administration

8.1 Administration. This Program shall be administered by the Committee which shall have discretionary authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Program and to utilize its discretion to decide or resolve any and all questions, including but not limited to eligibility for benefits and interpretations of this Program and its terms, as may arise in connection with the Program. Claims for benefits shall be filed with the Committee and resolved in accordance with the claims procedures in Article XI.

8.2 Withholding. The Participating Employer shall have the right to withhold from any payment due under the Program (or with respect to any amounts credited to the Program) any taxes required by law to be withheld in respect of such payment (or credit). Withholdings with respect to amounts credited to the Program shall be deducted from Compensation that has not been deferred to the Program.

8.3 Indemnification. The Participating Employers shall indemnify and hold harmless each employee, officer, director, agent or organization, to whom or to which are delegated duties, responsibilities, and authority under the Program or otherwise with respect to administration of the Program, including, without limitation, the Committee, its delegatees and its agents, against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him or it (including but not limited to reasonable attorney fees) which arise as a result of his or its actions or failure to act in connection with the operation and administration of the Program to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Participating Employer. Notwithstanding the foregoing, the Participating Employer shall not indemnify any person or organization if his or its actions or failure to act are due to gross negligence or willful misconduct or for any such amount incurred through any settlement or compromise of any action unless the Participating Employer consents in writing to such settlement or compromise.

8.4 Delegation of Authority. In the administration of this Program, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with legal counsel who shall be legal counsel to the Company.

8.5 Binding Decisions or Actions. The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Program and the rules and regulations thereunder shall be final and conclusive and binding upon all persons having any interest in the Program.

Article IX

Amendment and Termination

9.1 Amendment and Termination. The Company may at any time and from time to time amend the Program or may terminate the Program as provided in this Article IX. Each Participating Employer may also terminate its participation in the Program.

9.2 Amendments. The Company, by action taken by the Compensation Committee of its Board of Directors, may amend the Program at any time and for any reason, provided that any such amendment shall not reduce the vested Account Balances of any Participant accrued as of the date of any such amendment or restatement (as if the Participant had incurred a voluntary Separation from Service on such date). No amendment is needed to revise the list of Participating Employers set forth on Schedule A attached hereto.

9.3 Termination. The Company, by action taken by its Board of Directors, may terminate the Program and pay Participants and Beneficiaries their Account Balances in a single lump sum at any time, to the extent and in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).

9.4 Accounts Taxable Under Code Section 409A. The Program is intended to constitute a plan of deferred compensation that meets the requirements for deferral of income taxation under Code Section 409A. The Committee, pursuant to its authority to interpret the Program, may sever from the Program or any Compensation Deferral Agreement any provision or exercise of a right that otherwise would result in a violation of Code Section 409A.

Article X

Informal Funding

10.1 General Assets. Obligations established under the terms of the Program may be satisfied from the general funds of the Participating Employers, or a trust described in this Article X. No Participant, spouse or Beneficiary shall have any right, title or interest whatever in assets of the Participating Employers. Nothing contained in this Program, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Participating Employers and any Employee, spouse, or Beneficiary. To the extent that any person acquires a right to receive payments hereunder, such rights are no greater than the right of an unsecured general creditor of the Participating Employer.

10.2 Rabbi Trust. A Participating Employer may, in its sole discretion, establish a grantor trust, commonly known as a rabbi trust, as a vehicle for accumulating assets to pay benefits under the Program. Payments under the Program may be paid from the general assets of the Participating Employer or from the assets of any such rabbi trust. Payment from any such source shall reduce the obligation owed to the Participant or Beneficiary under the Program.

Article XI

Claims

11.1 Filing a Claim. Any controversy or claim arising out of or relating to the Program shall be filed in writing with the Committee, which shall make all determinations concerning such claim. Any claim filed with the Committee and any decision by the Committee denying such claim shall be in writing and shall be delivered to the Claimant. Notice of a claim for payments shall be delivered to the Committee within ninety (90) days of the latest date upon which the payment could have been timely made in accordance with the terms of the Program and Code Section 409A, and if not paid, the Claimant must file a claim under this Article XI not later than one-hundred and eighty (180) days after such latest date. If the Claimant fails to file a timely claim, the Claimant forfeits any amounts to which he or she may have been entitled to receive under the claim.

(a) *In General.* Notice of a denial of benefits (other than claims based on disability) will be provided within ninety (90) days of the Committee’s receipt of the Claimant’s claim for benefits. If the Committee determines that it needs additional time to review the claim, the

Committee will provide the Claimant with a notice of the extension before the end of the initial ninety (90)-day period. The extension will not be more than ninety (90) days from the end of the initial ninety (90)-day period and the notice of extension will explain the special circumstances that require the extension and the date by which the Committee expects to make a decision.

(b) *Disability Benefits.* Notice of denial of claims based on disability will be provided within forty-five (45) days of the Committee's receipt of the Claimant's claim for disability benefits. If the Committee determines that it needs additional time to review the disability claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial forty-five (45)-day period. The first extension period will not be more than thirty (30) days from the end of the initial forty-five (45)-day period. If the Committee determines that a decision cannot be made within the first extension period due to matters beyond the control of the Committee, the time period for making a determination may be further extended for an additional thirty (30) days. If such an additional extension is necessary, the Committee shall notify the Claimant prior to the expiration of the initial thirty (30)-day extension.

Any notice of extension shall indicate the circumstances necessitating the extension of time, the date by which the Committee expects to furnish a notice of decision, the specific standards on which such entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and any additional information needed to resolve those issues. A Claimant will be provided a minimum of forty-five (45) days to submit any necessary additional information to the Committee. In the event that a thirty (30)-day extension is necessary due to a Claimant's failure to submit information necessary to decide a claim, the period for furnishing a notice of decision shall be tolled from the date on which the notice of the extension is sent to the Claimant until the earlier of the date the Claimant responds to the request for additional information or the response deadline.

(a) *Contents of Notice.* If a claim for benefits is completely or partially denied, notice of such denial shall be in writing. Any electronic notification shall comply with the standards imposed by Department of Labor Regulation 29 CFR 2520.104b-1(c)(1)(i), (iii), and (iv). The notice of denial shall set forth the specific reasons for denial in plain language. The notice shall: (i) cite the pertinent provisions of the Program document, and (ii) explain, where appropriate, how the Claimant can perfect the claim, including a description of any additional material or information necessary to complete the claim and why such material or information is necessary. The claim denial also shall include an explanation of the claims review procedures, the time limits applicable to such procedures, including the right to appeal the decision, the deadline by which such appeal must be filed and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on appeal, and the specific date by which such a civil action must commence under Section 11.3.

In the case of a complete or partial denial of a disability benefit claim, the notice shall provide such information and shall be communicated in the manner required under applicable Department of Labor regulations.

11.2 Appeal of Denied Claims. A Claimant whose claim has been completely or partially denied shall be entitled to appeal the claim denial by filing a written appeal with a committee designated to hear such appeals (the "Appeals Committee"). A Claimant who timely requests a review of the denied claim (or his or her authorized representative) may review, upon request and free of charge, copies of all documents, records and other information relevant to the denial and may submit written comments,

documents, records and other information relating to the claim to the Appeals Committee. All written comments, documents, records, and other information shall be considered “relevant” if the information: (i) was relied upon in making the benefits determination, (ii) was submitted, considered or generated in the course of making the benefits decision, regardless of whether it was relied upon to make the decision, or (iii) demonstrates compliance with the Program’s administrative processes and safeguards established for making benefit decisions. The review shall take into account all comments, documents, records, and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Appeals Committee may, in its sole discretion and if it deems appropriate or necessary, decide to hold a hearing with respect to the claim appeal.

(a) *In General.* Appeal of a denied benefits claim (other than a disability benefits claim) must be filed in writing with the Appeals Committee no later than sixty (60) days after receipt of the written notification of such claim denial. The Appeals Committee shall make its decision regarding the merits of the denied claim within sixty (60) days following receipt of the appeal (or within one-hundred and twenty (120) days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. The review will take into account comments, documents, records and other information submitted by the Claimant relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.

(b) *Disability Benefits.* Appeal of a denied disability benefits claim must be filed in writing with the Appeals Committee no later than one-hundred and eighty (180) days after receipt of the written notification of such claim denial. The review shall be conducted in accordance with applicable Department of Labor regulations.

(c)

(d) The Appeals Committee shall make its decision regarding the merits of the denied claim within forty-five (45) days following receipt of the appeal (or within ninety (90) days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. Following its review of any additional information submitted by the Claimant, the Appeals Committee shall render a decision on its review of the denied claim.

(e) *Contents of Notice.* If a benefits claim is completely or partially denied on review, notice of such denial shall be in writing. Any electronic notification shall comply with the standards imposed by Department of Labor Regulation 29 CFR 2520.104b-1(c)(1)(i), (iii), and (iv). Such notice shall set forth the reasons for denial in plain language.

The decision on review shall set forth: (i) the specific reason or reasons for the denial, (ii) specific references to the pertinent Program provisions on which the denial is based, (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, or other information relevant (as defined above)

to the Claimant's claim, and (iv) a statement of the Claimant's right to bring an action under Section 502(a) of ERISA, following an adverse decision on review and the specific date by which such a civil action must commence under Section 11.3.

For the denial of a disability benefit, the notice will also include such additional information and be communicated in the manner required under applicable Department of Labor regulations.

11.3 Legal Action. A Claimant may not bring any legal action, including commencement of any arbitration, relating to a claim for benefits under the Program unless and until the Claimant has followed the claims procedures under the Program and has exhausted his or administrative remedies under Sections 11.1 and 11.2. No such legal action may be brought more than twelve (12) months following the notice of denial of benefits under Section 11.2, or if no appeal is filed by the applicable appeals deadline, twelve (12) months following the appeals deadline.

If a Claimant prevails in a legal proceeding brought under the Program to enforce the rights of such Claimant or any other similarly situated Participant or Beneficiary, in whole or in part, the Participating Employer shall reimburse such Claimant for all legal costs, expenses, attorneys' fees and such other liabilities incurred as a result of such proceedings.

11.4 Discretion of Appeals Committee. All interpretations, determinations and decisions of the Appeals Committee with respect to any claim shall be made in its sole discretion, and shall be final and conclusive.

11.5 Arbitration.

(a) If any claim or controversy between a Participating Employer and a Claimant is not resolved through the claims procedure set forth in Article XI, such claim shall be settled exclusively by arbitration in Southfield, Michigan, before one (1) arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Participating Employer and an individual to be selected by the Claimant, or if such individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association, and such arbitration shall be conducted in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect.

(b) The Participating Employer and the Claimant agree to use their best efforts to cause (i) the two (2) individuals set forth in the preceding Section 11.5(a), or, if applicable, the American Arbitration Association, to appoint the arbitrator within thirty (30) days of the date that the Participating Employer or the Claimant notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (ii) any arbitration hearing to be held within thirty (30) days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing, at such time.

(c) Judgment may be entered on the arbitrator's award in any court having jurisdiction. The arbitrator shall have no authority to add to or to modify this Program, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrator shall, upon an appropriate motion, dismiss any claim without an evidentiary hearing if the party bringing the motion establishes that it would be entitled to summary judgment if the matter had been pursued in court litigation.

(d) The decision of the arbitrator shall be final, binding, and non-appealable, and may be enforced as a final judgment in any court of competent jurisdiction.

(e) This arbitration provision of the Program shall extend to claims against any parent, subsidiary, or affiliate of each party, and, when acting within such capacity, any officer, director, shareholder, Participant, Beneficiary, or agent of any party, or of any of the above, and shall apply as well to claims arising out of state and federal statutes and local ordinances as well as to claims arising under the common law or under this Program.

(f) The parties do not agree to arbitrate any putative class action or any other representative action. The parties agree to arbitrate only the claim(s) of a single Claimant.

(g) In no event shall a demand for arbitration be made after the date when the applicable statute of limitations would bar the institution of a legal or equitable proceeding based on such claim, dispute or other matter in question.

Article XII

General Provisions

12.1 Assignment. No interest of any Participant, spouse or Beneficiary under this Program and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, to anticipation, sale, transfer, assignment or encumbrance by or through any Participant, spouse or Beneficiary. Notwithstanding anything to the contrary herein, however, the Committee has the discretion to make payments to an alternate payee in accordance with the terms of a domestic relations order (as defined in Code Section 414(p)(1)(B)).

The Company may assign any or all of its liabilities under this Program in connection with any restructuring, recapitalization, sale of assets or other similar transactions affecting a Participating Employer without the consent of the Participant.

12.2 No Legal or Equitable Rights or Interest. No Participant or other person shall have any legal or equitable rights or interest in this Program that are not expressly granted in this Program. Participation in this Program does not give any person any right to be retained in the service of the Participating Employer. The right and power of a Participating Employer to dismiss or discharge an Employee is expressly reserved. The Participating Employers make no representations or warranties as to the tax consequences to a Participant or a Participant's beneficiaries resulting from a deferral of income pursuant to the Program.

12.3 No Employment Contract. Nothing contained herein shall be construed to constitute a contract of employment between an Employee and a Participating Employer.

12.4 Notice. Any notice or filing required or permitted to be delivered to the Committee under this Program shall be delivered in writing, in person, or through such electronic means as is established by the Committee. Notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Written transmission shall be sent by certified mail to:

Lear Corporation
Attn: VP, Global Compensation, Benefits & HRIS

21557 Telegraph Rd.
Southfield, MI 48033

Any notice or filing required or permitted to be given to a Participant under this Program shall be sufficient if in writing or hand-delivered, or sent by mail to the last known address of the Participant.

12.5 Headings. The headings of Sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Program, the text shall control.

12.6 Invalid or Unenforceable Provisions. If any provision of this Program shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Committee may elect in its sole discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.

12.7 Lost Participants or Beneficiaries. Any Participant or Beneficiary who is entitled to a benefit from the Program has the duty to keep the Committee advised of his or her current mailing address. If benefit payments are returned to the Program or are not presented for payment after a reasonable amount of time, the Committee shall presume that the payee is missing. The Committee, after making such efforts as in its discretion it deems reasonable and appropriate to locate the payee, shall stop payment on any uncashed checks and may discontinue making future payments until contact with the payee is restored.

12.8 Facility of Payment to a Minor. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Committee may, in its discretion, make such distribution: (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or committee or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Committee, the Company, and the Program from further liability on account thereof.

12.9 Governing Law. To the extent not preempted by ERISA, the laws of the State of Michigan shall govern the construction and administration of the Program.

12.10 Compliance with Code Section 409A; No Guarantee. This Program is intended to be administered in compliance with Code Section 409A and each provision of the Program shall be interpreted consistent with Code Section 409A. Although intended to comply with Code Section 409A, this Program shall not constitute a guarantee to any Participant or Beneficiary that the Program in form or in operation will result in the deferral of federal or state income tax liabilities or that the Participant or Beneficiary will not be subject to the additional taxes imposed under Code Section 409A. To the extent an amount deferred under this Program is included in the income of a Participant as a result of a failure to comply with Code Section 409A or change in applicable tax law or regulation, the Committee may distribute to the Participant in the year of inclusion an amount equal to the lesser of the amount included in his or her income and the amount of the Participant's vested Account Balance. Notwithstanding anything herein to the contrary, no Participating Employer shall have any legal obligation to a Participant with respect to a failure to comply with Code Section 409A or other applicable tax law or regulation.

12.11 Severability. If any provision of the Program is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Program, and the Program will be construed and enforced as if the illegal or invalid provision had not been included.

IN WITNESS WHEREOF, the undersigned executed this Program as of the 29th day of December, 2017, to be effective as of the Effective Date.

Lear Corporation

By: Edward Lowenfeld
Its: VP, Global Compensation, Benefits & HRIS

/s/ Edward Lowenfeld (Signature)

Schedule A

Participating Employers

Lear Corporation

LEAR CORPORATION
2009 LONG-TERM STOCK INCENTIVE PLAN

FORM OF RESTRICTED STOCK UNIT TERMS AND CONDITIONS

1. Definitions. Any term capitalized herein but not defined will have the meaning set forth in the Plan.

2. Grant and Vesting of Restricted Stock Units.

(a) As of the Grant Date specified in the letter that accompanies this document, the Employee will be credited with the number of Restricted Stock Units set forth in the letter that accompanies this document. Each Restricted Stock Unit is a notional amount that represents one unvested share of Common Stock, $0.01 par value, of the Company (the "Common Stock"). Each Restricted Stock Unit constitutes the right, subject to the terms and conditions of the Plan and this document, to distribution of a Share if and when the Restricted Stock Unit vests. If the Employee's employment with the Company and all of its Affiliates terminates before the date that all of the Restricted Stock Units vest, his or her right to receive the Shares underlying unvested Restricted Stock Units will be only as provided in Section 4.

(b) Subject to Section 2(c) below, the Restricted Stock Units will vest on the third anniversary of the Grant Date. Notwithstanding anything contained herein to the contrary, the right of an Employee to receive Shares underlying a Restricted Stock Unit will be forfeited if the Committee determines, in its sole discretion, that (i) the Employee has entered into a business or employment relationship that is detrimentally competitive with the Company or substantially injurious to the Company's financial interests; or (ii) the Employee has been discharged from employment with the Company or an Affiliate for Cause.

(c) The right of the Employee to receive Shares underlying the Restricted Stock Units will be 100% forfeited unless the Company achieves positive Adjusted Net Income in its 20__ fiscal year, as certified by the Committee. “Adjusted Net Income” means net income attributable to the Company, excluding the impact of restructuring costs and subject to adjustment for other special items as provided in the Plan.

3. Rights as a Stockholder.

(a) Unless and until a Restricted Stock Unit has vested and the Share underlying it has been distributed to the Employee, the Employee will not be entitled to vote in respect of that RSU or that Share.

(b) If the Company declares a cash dividend on its shares, then, on the payment date of the dividend, the Employee will be credited with dividend equivalents equal to the amount of cash dividend per share multiplied by the number of Restricted Stock Units credited to the Employee through the record date. The dollar amount credited to an Employee under the preceding sentence will be credited to an account ("Account") established for the Employee for bookkeeping purposes only on the books of the Company. The amounts credited to the Account will be credited as of the last day of each month with interest, compounded monthly, until the amount credited to the Account is paid to the Employee. The rate of interest credited under the previous sentence will be the prime rate of interest as reported by the Midwest edition of the Wall Street Journal for the second business day of each quarter on an annual basis. The balance in the Account will be subject to the same terms regarding vesting and forfeiture as the Employee's Restricted Stock Units awarded

under the accompanying letter and this document, and will be paid in cash in a single sum at the time that the Shares associated with the Employee's Restricted Stock Units are delivered (or forfeited at the time that the Employee's Restricted Stock Units are forfeited).

4. Termination of Employment. Subject to the forfeiture provisions of clause 2(b) above, the Employee's right to receive the Shares underlying his or her Restricted Stock Units after termination of his or her employment will be only as follows:

(a) End of Service. If the Employee experiences an End of Service Date, the Employee will be entitled to receive the Shares underlying any Restricted Stock Units that have then vested. In addition, provided that the performance condition in Section 2(c) is met as certified by the Committee, the Employee will be entitled to receive immediately the Shares underlying the number of Restricted Stock Units, if any, that have not yet vested but would have vested under Section 2 if the Employee's End of Service Date had been 24 months following his actual End of Service Date. The Employee will forfeit the right to receive Shares underlying any Restricted Stock Units that have not yet vested or would not have vested in the next 24 months as described in the preceding sentence. The Employee's "End of Service Date" is the date of his or her retirement after attaining a combination of years of age and service with the Company and its Affiliates (including service with another company prior to it becoming an Affiliate) of at least 65, with a minimum age of 55 and at least five years of service with the Company and its Affiliates (only if an Affiliate at the time of service).

(b) Other Termination of Employment. If an Employee's employment with the Company shall be terminated for Disability or upon the Employee's death, the Employee (or the Employee’s estate) will be immediately entitled to receive the Shares underlying all of the Restricted Stock Units that have not yet vested under Section 2 above, to the extent not previously forfeited under Section 2(c). If an Employee's employment with the Company shall be terminated by the Company for any reason other than Cause, the Employee will be entitled to receive (i) in the case of a termination occurring prior to the first anniversary of the Grant Date and subject to achievement of the performance condition in Section 2(c) hereof, a number of Shares equal to the Shares underlying all of the Restricted Stock Units that have not yet vested under Section 2 above multiplied by a fraction, the numerator of which shall be the number of full months from the Grant Date through the date the Employee's employment terminated and the denominator of which shall be 12, or (ii) in the case of a termination occurring on or after the first anniversary of the Grant Date and subject to achievement of the performance condition in Section 2(c) hereof, the Shares underlying all of the Restricted Stock Units that have not yet vested under Section 2 above, in each case of (i) and (ii) above subject to the Employee signing a general release agreement (a “Release”) in form and substance reasonably acceptable to the Company in connection with the Employee’s termination of employment. The number of Shares in (i) and (ii) above, as applicable, will only be payable if the Employee executes and delivers a Release (and any revocation period expires) to the Company no later than forty-five (45) calendar days after the Employee’s termination of employment and the performance condition in Section 2(c) hereof is satisfied, and such Shares shall not become payable until the later of (x) forty-five (45) calendar days after the termination of employment, regardless of when the Release is returned to the Company and (y) the date the Committee certifies that the performance condition in Section 2(c) hereof has been satisfied. If an Employee is subject to an employment or severance agreement (which terms apply to this award) and is terminated by the Company for any reason other than Cause or the Employee terminates his or her employment for Good Reason (as defined in such agreement), then the preceding two sentences shall not apply and the terms of the employment or severance agreement shall govern instead; provided, however, that notwithstanding any language to the contrary in an Employee’s employment or severance agreement, no Shares hereunder will become payable unless and until the performance condition in Section 2(c) hereof has been satisfied. If an Employee's employment with the Company terminates for any reason other than those provided in Section

4(a) or in the preceding sentences of this Section 4(b), the Employee or his or her estate (in the event of his or her death after termination) will forfeit the right to receive Shares underlying any Restricted Stock Units that have not yet vested. For each Employee who is a party to an employment or severance agreement with the Company, for purposes of this Section 4, the term "Disability" shall mean "Incapacity" as defined in such Employee's employment or severance agreement, as applicable.

5. Timing and Form of Payment. Except as provided in this Section or in Section 2(b) or Section 4, once a Restricted Stock Unit vests, the Employee will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible after its associated Restricted Stock Unit vests. Shares will be credited to an account established for the benefit of the Employee with the Company's administrative agent. The Employee will have full legal and beneficial ownership with respect to the Shares at that time.

6. Assignment and Transfers. The Employee may not assign, encumber or transfer any of his or her rights and interests under the Award described in this document, except, in the event of his or her death, by will or the laws of descent and distribution.

7. Withholding Tax. The Company and any Affiliate will have the right to retain Shares or cash that are distributable to the Employee hereunder to the extent necessary to satisfy any withholding taxes, whether federal or state, triggered by the distribution of Shares or cash pursuant to the Award reflected in this document.

8. Securities Law Requirements.

(a) The Restricted Stock Units are subject to the further requirement that, if at any time the Committee determines in its discretion that the listing or qualification of the Shares subject to the Restricted Stock Units under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the issuance of Shares under it, then Shares will not be issued under the Restricted Stock Units, unless the necessary listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee.

(b) No person who acquires Shares pursuant to the Award reflected in this document may, during any period of time that person is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933 (the "1933 Act")) sell the Shares, unless the offer and sale is made pursuant to (i) an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) an appropriate exemption from the registration requirements of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act. With respect to individuals subject to Section 16 of the Exchange Act, transactions under this Award are intended to comply with all applicable conditions of Rule 16b-3, or its successors under the Exchange Act. To the extent any provision of the Award or action by the Committee fails to so comply, the Committee may determine, to the extent permitted by law, that the provision or action will be null and void.

9. No Limitation on Rights of the Company. Subject to Sections 4.3 and 15.2 of the Plan, the grant of the Award described in this document will not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

10. Plan, Restricted Stock Units and Award Not a Contract of Employment. Neither the Plan, the Restricted Stock Units nor any other right or interest that is part of the Award reflected in this

document is a contract of employment, and no terms of employment of the Employee will be affected in any way by the Plan, the Restricted Stock Units, the Award, this document or related instruments, except as specifically provided therein. Neither the establishment of the Plan nor the Award will be construed as conferring any legal rights upon the Employee for a continuation of employment, nor will it interfere with the right of the Company or any Affiliate to discharge the Employee and to treat him or her without regard to the effect that treatment might have upon him or her as an Employee.

11. Employee to Have No Rights as a Stockholder. Except as provided in Section 3 above, the Employee will have no rights as a stockholder with respect to any Shares subject to the Restricted Stock Units prior to the date on which he or she is recorded as the holder of those Shares on the records of the Company.

12. Notice. Any notice or other communication required or permitted hereunder must be in writing and must be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice will be deemed given when so delivered personally or, if mailed, three days after the date of deposit in the United States mail, in the case of the Company to 21557 Telegraph Road, Southfield, Michigan, 48033, Attention: General Counsel and, in the case of the Employee, to the last known address of the Employee in the Company's records.

13. Governing Law. This document and the Award will be construed and enforced in accordance with, and governed by, the laws of the State of Michigan, determined without regard to its conflict of law rules.

14. Code Sections 409A and 162(m). Notwithstanding any other provision in this Restricted Stock Unit document, if an Employee is a "specified employee" (as such term is defined for purposes of Code Section 409A) at the time of his or her termination of employment, no amount that is subject to Code Section 409A and that becomes payable by reason of such termination of employment shall be paid to the Employee before the earlier of (i) the expiration of the six-month period measured from the date of the Employee's termination of employment, and (ii) the date of the Employee's death. This Award is intended to qualify for the Performance-Based Exception (as defined in the Plan) under Code Section 162(m).

15. Incentive Compensation Recoupment Policy. Notwithstanding any provision in the Plan or in this document to the contrary, the Award is subject to the Incentive Compensation Recoupment Policy established by the Company, as amended from time to time.

16. Plan Document Controls. The rights granted under this Restricted Stock Unit document are in all respects subject to the provisions of the Plan to the same extent and with the same effect as if they were set forth fully therein. If the terms of this document or the Award conflict with the terms of the Plan document, the Plan document will control.

Exhibit 10.16

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is dated as of November 15, 2017, between Lear Corporation, a Delaware corporation (the "Company"), and Matthew J. Simoncini ("Executive").

WHEREAS, the Company and Executive are currently parties to an existing amended and restated employment agreement, dated August 9, 2011 (the "Existing Agreement"), pursuant to which Executive serves as Chief Executive Officer ("CEO") and President of the Company;

WHEREAS, Executive agrees to assume his new position described herein and has delivered to the Board of Directors of the Company (the "Board"), concurrently with the execution of this Agreement, his written resignation from the Board and as CEO and President of the Company, effective February 28, 2018 (the "CEO Transition Date");

WHEREAS, the parties have agreed that Executive will remain employed by the Company in a non-executive transition and advisory role on and after the CEO Transition Date;

WHEREAS, the Company desires to have the benefit of Executive's continued service and the restrictive covenants contained herein; and

WHEREAS, the parties desire to enter into a new employment agreement reflecting the terms of Executive's continuing employment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. **Effectiveness and Term of Agreement.** This Agreement shall commence on and as of the CEO Transition Date and continue until the date of Executive's retirement on January 4, 2019 (the "Retirement Date") or until Executive's employment earlier terminates as provided herein (the "Term"). Executive has delivered to the Board concurrently with the execution of this Agreement a written resignation from the Board and as CEO and President of the Company, which resignation shall become effective as of the CEO Transition Date. Notwithstanding anything herein to the contrary, all provisions of the Existing Agreement will continue to apply until the CEO Transition Date, at which time the Existing Agreement shall hereby terminate and the terms of this Agreement will apply and shall supersede the terms of the Existing Agreement in their entirety.

2. **Terms of Employment.** During the Term, Executive agrees to be a non-executive employee of the Company, serving solely in a consulting and advisory role to the Company's CEO. Executive agrees to assist, as reasonably requested by the Company's CEO, with the leadership transition following the CEO Transition Date, including, but not limited to, working on special projects and community relations efforts (collectively, the "Transition Services"). Executive will provide the Transition Services on an as-needed basis and it is expected that over the course of the Term, Executive will devote an average of approximately forty (40) hours per month to providing the Transition Services. Executive agrees to discharge the Transition Services as may be reasonably directed by the Company's CEO, and to use his best efforts to perform faithfully and efficiently such Transition Services. Nothing herein shall prohibit Executive from devoting his time to civic and community activities, serving as a member of the Board of Directors of other corporations that do not compete with the Company, or managing personal investments, as long as the foregoing do not interfere

with the performance of Executive's duties hereunder or violate the terms of the Company's Code of Business Conduct and Ethics, the Company's Corporate Governance Guidelines, or other policies applicable to the Company's executives generally, as those policies may be amended from time to time by the Company.

3. **Compensation.**

(a) As compensation for Executive's services during the Term under this Agreement, Executive shall be entitled to receive a base salary of $15,000 per month, to be paid in accordance with existing payroll practices for executives of the Company. In addition, Executive shall be eligible to receive an annual incentive compensation bonus with respect to the 2018 performance year ("Bonus") solely for the length of time that Executive provides services as CEO and President in the 2018 performance year (i.e., for two (2) out of twelve (12) months in 2018). Such Bonus shall be determined based on Executive's base salary as it was in effect for the period in the 2018 performance year, prior to the Effective Date, during which Executive served as CEO and President of the Company.

(b) During the Term, Executive shall not be eligible to receive any awards under the Company's Long-Term Stock Incentive Plan or successor plan (the "LTSIP"). For the avoidance of doubt, and notwithstanding anything contained herein to the contrary, Executive's long-term incentive awards granted under the LTSIP that remain outstanding as of the CEO Transition Date shall continue to be governed by the terms of such awards in effect immediately prior to the execution of this Agreement.

(c) During the Term, Executive shall be eligible for participation in the welfare, retirement and fringe benefit, and other benefit plans, practices, policies and programs, as may be in effect from time to time, for senior executives of the Company generally (collectively, the "Employee Benefit Plans").

(d) During the Term, Executive shall be eligible for prompt reimbursement for business expenses reasonably incurred by Executive in accordance with the Company's policies, as may be in effect from time to time, for its senior executives generally.

(e) During the Term, the Company shall provide Executive with reasonable office space, which office space may differ from that provided to Executive immediately prior to the CEO Transition Date.

4. **Termination of Employment Prior to Retirement Date.**

(a) **Notice.** The employment relationship may be terminated prior to the Retirement Date by the Company with or without Cause or for Incapacity, or by Executive with or without Good Reason, all as defined below, by giving a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. All notices under this Section 4(a) shall be given in accordance with the requirements of Section 8.

(b) **Incapacity.** If the Company reasonably determines that Executive is unable at any time to perform the duties of Executive's position because of a serious illness, injury, impairment, or physical or mental condition and Executive is not eligible for or has exhausted all leave to which Executive may be entitled under the Family and Medical Leave Act ("FMLA") or, if more generous, other applicable state or local law, the Company may terminate Executive's employment for "Incapacity". In addition, at any time that Executive is on a leave of absence, the Company may temporarily reassign the duties of Executive's position to one or more other executives without creating a basis for Executive's Good Reason resignation, provided that the Company restores such duties to Executive upon Executive's return to work.

(c) **Cause.** Termination of Executive's employment for "Cause" shall mean termination upon:

(i) an act of fraud, embezzlement or theft by Executive in connection with Executive's duties or in the course of Executive's employment with the Company;

(ii) Executive's material breach of any provision of this Agreement, provided that in those instances in which Executive's material breach is capable of being cured, Executive has failed to cure within a thirty (30) day period after notice from the Company;

(iii) an act or omission, which is (x) willful or grossly negligent, (y) contrary to established policies or practices of the Company, and (z) materially harmful to the business or reputation of the Company, or to the business of the Company's customers or suppliers as such relate to the Company; or

(iv) a plea of *nolo contendere* to, or conviction for, a felony.

(d) **Good Reason.** For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances or events:

(i) the failure by the Company to pay or provide to Executive any amounts of base salary or earned incentive compensation or any benefits which are due, owing and payable to Executive, or to pay to Executive any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(ii) the failure by the Company to continue to provide Executive with benefits substantially similar in the aggregate to the Company's life insurance, medical, dental, health, accident or disability plans in which Executive is participating at the date of this Agreement;

(iii) the transfer of Executive's principal place of employment to a location fifty (50) or more miles from its location immediately preceding the transfer; or

(iv) without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company.

Notwithstanding anything else herein, Good Reason shall not exist if, with regard to the circumstances or events relied upon in Executive's Notice of Termination: (x) Executive failed to provide a Notice of Termination to the Company within sixty (60) days of the date Executive knew or should have known of such circumstances or events, (y) the circumstances or events are fully corrected by the Company prior to the Date of Termination, or (z) Executive gives Executive's express written consent to the circumstances or events. Notwithstanding anything to the contrary in this Agreement, Executive agrees and acknowledges that (i) Executive's written notice of resignation from the Board and as CEO and President, effective as of the CEO Transition Date, which Executive has delivered to the Board concurrently with the execution of this Agreement; (ii) Executive's execution of this Agreement; and (iii) the termination of the Existing Agreement upon the effectiveness of this Agreement shall not, either alone or together, give rise to a termination of employment by Executive for Good Reason or a termination by the Company without Cause pursuant to the Existing Agreement.

(e) **Date of Termination.** "Date of Termination" shall mean the Retirement Date, or, if earlier, the first to occur of the following:

(i) if Executive's employment is terminated by reason of Executive's death, the date of Executive's death;

(ii) if Executive's employment is terminated by the Company for any reason other than because of Executive's death, the date specified in the Notice of Termination (which shall not be prior to the date of the notice);

(iii) if Executive's employment is terminated by Executive for any reason, the Date of Termination shall be not less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given, or such earlier date after the date such Notice of Termination is given as may be identified by the Company.

Unless the Company instructs Executive not to do so, Executive shall continue to perform services as provided in this Agreement through the Date of Termination.

(f) **Employee Benefits.** A termination by the Company pursuant to Section 4(c) hereof or by Executive pursuant to Section 4(d) hereof shall not affect any rights which Executive may have pursuant to any Employee Benefit Plans, which rights shall be governed by the terms thereof.

5. **Compensation Upon Termination Prior to Retirement Date by the Company or by Executive for any Reason.**

(a) If, prior to the Retirement Date, Executive's employment shall be terminated by the Company for Incapacity, for Cause or without Cause, by Executive for or without Good Reason, or upon Executive's death, the Company shall pay to Executive (or, in the event of Executive's death, to Executive's beneficiary or estate), when the same would otherwise have been due, any accrued amounts then payable to Executive through the Date of Termination pursuant to any Employee Benefit Plans and shall have no further obligations under this Agreement, other than as set forth in Section 5(b) hereof, to the extent applicable.

(b) If, prior to the Retirement Date, Executive's employment shall be terminated by the Company for Incapacity or for any reason other than Cause, by Executive for Good Reason, or upon Executive's death, (i) any unvested awards under the LTSIP held by Executive that vest based on the passage of time shall immediately vest in their entirety upon such termination, and (ii) with respect to unvested awards under the LTSIP held by Executive that vest based on the achievement of performance criteria, Executive shall be entitled to receive a pro rata portion (based on the number of full calendar months elapsing in the applicable performance period through January 4, 2019) of the amount Executive would have been entitled to receive under such awards (and at the same time) had he remained employed until the last day of the applicable performance period.

(c) The Company may not set-off or counterclaim losses, fines or damages in respect of any claim, debt or obligation against any payment to or benefit for Executive provided for in this Agreement.

6. **Travel.** Executive shall be required to travel to the extent reasonably necessary for the performance of Executive's responsibilities under this Agreement.

7. **Successors; Binding Agreement.** The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all the business and/or assets

of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, and will assign its rights and obligations hereunder to such successor. Failure of the Company to make such an assignment and to obtain such assumption and agreement prior to the effectiveness of any such succession, unless Executive agrees otherwise in writing with the Company or the successor, shall entitle Executive to compensation from the Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive terminates Executive's employment for Good Reason and the date on which any such succession becomes effective shall be deemed Executive's Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in this Section 7. Without limiting the generality of the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 7, the Company shall have no liability to pay to the purported assignee or transferee any amount so attempted to be assigned or transferred. The Company and Executive recognize that each party will have no adequate remedy at law for any material breach by the other of any of the agreements contained herein and, in the event of any such breach, the Company and Executive hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of this Agreement.

8. **Notices.** For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing, and shall be deemed to have been duly given when delivered by hand, or mailed by United States certified mail, return receipt requested, postage prepaid, or sent by Federal Express or similar overnight courier service, addressed to the respective addresses set forth on the signature page of this Agreement, or sent by facsimile with confirmation of receipt to the respective facsimile numbers set forth on the signature page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if Executive is the Secretary at the time such notice is to be given, to the Chairman of the Company's Board of Directors), or to such other address or facsimile number as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address or facsimile number shall be effective only upon receipt.

9. **Noncompetition.**

(a) From the CEO Transition Date until the Date of Termination, Executive agrees not to engage in any Competitive Activity. For purposes of this Agreement, the term "Competitive Activity" shall mean Executive's participation as an employee or consultant, without the written consent of the CEO or the Board or any authorized committee thereof, in the management of any business enterprise anywhere in the world if such enterprise is a "Significant Customer" of any product or service of the Company or engages in competition with any product or service of the Company (including without limitation any enterprise that is a supplier to an original equipment automotive vehicle manufacturer) or is planning to engage in such competition. For purposes of this Agreement, the term "Significant Customer" shall mean any customer who represents in excess of 5% of the Company's sales in any of the three calendar years prior to the date of determination. "Competitive Activity" shall not include the mere ownership of, and exercise of rights appurtenant to, securities of a publicly-traded company representing 5% or less of the total voting power and

5% or less of the total value of such an enterprise. Executive agrees that the Company is a global business and that it is appropriate for this Section 9 to apply to Competitive Activity conducted anywhere in the world.

(b) Executive agrees not to engage directly or indirectly in any Competitive Activity (i) until one (1) year after the Date of Termination if Executive is terminated by the Company for Cause, or Executive terminates Executive's employment for other than Good Reason, or (ii) until two (2) years after the Date of Termination in all other circumstances.

(c) Executive shall not directly or indirectly, either on Executive's own account or with or for anyone else, solicit or attempt to solicit any of the Company's customers, solicit or attempt to solicit for any business endeavor or hire or attempt to hire any employee of the Company, or otherwise divert or attempt to divert from the Company any business whatsoever or interfere with any business relationship between the Company and any other person, (i) until one (1) year after the Date of Termination if Executive is terminated by the Company for Cause, or Executive terminates Executive's employment for other than Good Reason, or (ii) until two (2) years after the Date of Termination in all other circumstances.

(d) Executive acknowledges and agrees that damages in the event of a breach or threatened breach of the covenants in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agree that the Company, in addition to seeking actual damages pursuant to Section 9 hereof, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. Executive and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

10. **Confidentiality and Cooperation.**

(a) Executive shall not knowingly use, disclose or reveal to any unauthorized person, at any time after the CEO Transition Date, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, pricing or cost information, and all other such information; and Executive confirms that such information is the exclusive property of the Company and its affiliates. Upon termination of Executive's employment, Executive agrees to return to the Company on demand by the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by Executive or otherwise in Executive's possession.

(b) Any design, engineering methods, techniques, discoveries, inventions (whether patentable or not), formulae, formulations, technical and product specifications, bill of materials, equipment descriptions, plans, layouts, drawings, computer programs, assembly, quality control, installation and operating procedures, operating manuals, strategic, technical or marketing information, designs, data, secret knowledge, know-how and all other information of a confidential nature prepared or produced during the period of Executive's employment and which ideas, processes, and other materials or information relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not Executive should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

(c) Following the termination of Executive's employment, Executive agrees to make himself reasonably available to the Company to respond to periodic requests for information relating to the Company or Executive's employment which may be within Executive's knowledge. Executive further agrees to cooperate fully with the Company in connection with any and all existing or future depositions, litigation, or investigations brought by or against the Company, any entity related to the Company, or any of its (their) agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent the Company deems Executive's cooperation necessary. In the event that Executive is subpoenaed in connection with any litigation or investigation, Executive will immediately notify the Company. Executive shall not receive any additional compensation, other than reimbursement for reasonable costs and expenses incurred by Executive, in complying with the terms of this Section 10(c).

(d) For the avoidance of doubt, this Section 10 does not prohibit or restrict Executive (or Executive's attorney) from responding to any inquiry about this Agreement or its underlying facts and circumstances by the Securities and Exchange Commission, the Financial Industry Regulatory Authority, any other self-regulatory organization or governmental entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Executive understands and acknowledges that he does not need the prior authorization of the Company to make any such reports or disclosures and that he is not required to notify the Company that he has made such reports or disclosures.

11. **Arbitration.**

(a) Except as contemplated by Section 9(d) or Section 11(c) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan, before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Company and an individual to be selected by Executive, or if such two individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association, and such arbitration shall be conducted in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect.

(b) The parties agree to use their best efforts to cause (i) the two individuals set forth in the preceding Section 11(a), or, if applicable, the American Arbitration Association, to appoint the arbitrator within thirty (30) days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (ii) any arbitration hearing to be held within thirty (30) days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing, at such time.

(c) Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that Executive shall be entitled to seek specific performance of Executive's right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and Executive hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement. If any dispute under this Section 11 shall be pending, Executive shall continue to receive at a minimum the base salary which Executive was receiving immediately prior to the act or omission which forms the basis for the dispute. At the close of the arbitration, such continued base salary payments may be offset against any damages awarded to Executive or may be recovered from Executive if it is determined that Executive was not entitled to the continued payment of base salary under the other provisions of this Agreement.

12. **Modifications.** No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both Executive and such officer of the Company as may be specifically designated by the Board.

13. **No Implied Waivers.** Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party to exercise any of its rights provided herein shall not constitute a waiver of such right.

14. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan without giving effect to any conflicts of laws rules.

15. **Payments Net of Taxes.** Any payments provided for herein which are subject to Federal, State, local or other governmental tax or other withholding requirements or obligations, shall have such amounts withheld prior to payment, and the Company shall be considered to have fully satisfied its obligation hereunder by making such payments to Executive net of and after deduction for all applicable withholding obligations.

16. **Capacity of Parties.** The parties hereto warrant that they have the capacity and authority to execute this Agreement.

17. **Validity.** The invalidity or unenforceability of any provision of this Agreement shall not, at the option of the party for whose benefit such provision was intended, affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

18. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

19. **Entire Agreement.** Provided that Executive has delivered a written notice of resignation to the Board in accordance with Section 1 hereof, upon the CEO Transition Date, this Agreement will contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement (including, but not limited to, the Existing Agreement), condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

20. **Legal Fees and Expenses.** It is the intent of the Company that Executive not be required to incur the expenses associated with the enforcement of Executive's rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to Executive hereunder. Accordingly, the Company shall pay or cause to be paid and be solely responsible for any and all reasonable attorneys' and related fees and expenses incurred by Executive (i) as a result of the Company's failure to perform this Agreement or any provision hereof or (ii) as a result of the Company unreasonably or maliciously contesting the validity or enforceability of this Agreement or any provision hereof as aforesaid.

21. **Code Section 409A.** Notwithstanding anything to the contrary in Section 5 hereof, and to the maximum extent permitted by law, this Agreement shall be interpreted in such a manner that all payments of Severance Benefits to Executive under this Agreement are either exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and other

interpretive guidance issued thereunder (collectively, "Section 409A"), including without limitation any such regulations or other guidance that may be issued after the CEO Transition Date. For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

The "Lear Corporation Code Section 409A Policies and Procedures" as in effect on the CEO Transition Date are hereby incorporated by reference in this Agreement as if set forth herein, and shall supersede any conflicting provisions of this Agreement.

22. **No Excise Tax Gross-Up; Possible Reduction of Payments.**

(a) If it is determined that any amount or benefit to be paid or payable to Executive under this Agreement or otherwise in conjunction with his employment (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in conjunction with his employment) would give rise to liability of Executive for the excise tax imposed by Section 4999 of the Code, as amended from time to time, or any successor provision (the "Excise Tax"), then the amount or benefits payable to Executive (the total value of such amounts or benefits, the "Payments") shall be reduced by the Company to the extent necessary so that no portion of the Payments to Executive is subject to the Excise Tax; provided, however, such reduction shall be made only if it results in the Executive retaining a greater amount of Payments on an after-tax basis (taking into account the Excise Tax and applicable federal, state, and local income and payroll taxes). In the event Payments are required to be reduced pursuant to this Section 22(a), they shall be reduced in the following order of priority in a manner consistent with Section 409A: (i) first from cash compensation, (ii) next from equity compensation, then (iii) pro-rata among all remaining Payments and benefits.

(b) The independent public accounting firm serving as the Company's auditing firm, or such other accounting firm, law firm or professional consulting services provider of national reputation and experience reasonably acceptable to the Company and Executive (the "Accountants") shall make in writing in good faith all calculations and determinations under this Section 22, including the assumptions to be used in arriving at any calculations. For purposes of making the calculations and determinations under this Section 22, the Accountants and each other party may make reasonable assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and Executive shall furnish to the Accountants and each other such information and documents as the Accountants and each other may reasonably request to make the calculations and determinations under this Section 22. The Company shall bear all costs the Accountants incur in connection with any calculations contemplated hereby.

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

LEAR CORPORATION

By: /s/ Thomas A. DiDonato

Name: Thomas A. DiDonato

Title: Senior Vice President, Human Resources

EXECUTIVE:

/s/ Matthew J. Simoncini
Matthew J. Simoncini

Address:

Fax:

Exhibit 12.1

Computation of Ratios of Earnings to Fixed Charges
(In millions, except ratio of earnings to fixed charges)

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Consolidated income before provision for income taxes and equity in net income of affiliates	$ 1,526.7	$ 1,338.3	$ 1,031.5	$ 787.4	$ 610.1
Fixed charges	133.9	124.6	128.8	110.2	107.5
Distributed income of affiliates	33.0	35.6	54.1	25.0	17.6
Earnings	$ 1,693.6	$ 1,498.5	$ 1,214.4	$ 922.6	$ 735.2
Interest expense	$ 85.7	$ 82.5	$ 86.7	$ 67.5	$ 68.4
Portion of lease expense representative of interest	48.2	42.1	42.1	42.7	39.1
Fixed charges	$ 133.9	$ 124.6	$ 128.8	$ 110.2	$ 107.5
Ratio of Earnings to Fixed Charges	12.6	12.0	9.4	8.4	6.8

Exhibit 21.1

List of Subsidiaries of the Company [1]

AccuMED Corporation (Delaware)
AccuMED Holdings Corporation (Delaware)
Advanced Assembly, LLC (Michigan) (99.7%)
Arada Systems Private Limited (India)
Beijing BAI Lear Automotive Systems Co., Ltd. (China) (50%)
Beijing BHAP Lear Automotive Systems Co., Ltd. (China) (50%)
Beijing Lear Dymos Automotive Systems Co., Ltd. (China) (40%)
Changchun Lear FAWSN Automotive Electrical and Electronics Co., Ltd. (China) (49%)
Changchun Lear FAWSN Automotive Seat Systems Co., Ltd. (China) (49%)
Chihuahua Electrical Wiring Systems S. de R.L. de C.V. (Mexico) (49%)
Consorcio Industrial Mexicano de Autopartes S. de R.L. de C.V. (Mexico)
Dong Kwang Lear Yuhan Hoesa (Korea) (50%)
Durango Automotive Wiring Systems, S. de R.L. de C.V. (Mexico) (49%)
Dymos Lear Automotive India Private Limited (India) (35%)
Eagle Ottawa (Thailand) Co., Ltd. (Thailand)
Eagle Ottawa China Ltd. (China)
Eagle Ottawa Fonseca S.A. (Argentina) (70%)
Eagle Ottawa Foreign Holdings ApS (Denmark)
Eagle Ottawa Holdings Ltd. (Cayman Islands)
Eagle Ottawa Hungary Kft. (Hungary)
Eagle Ottawa North America, LLC (Delaware)
Eagle Ottawa U.K. Ltd. (United Kingdom)
Eagle Ottawa Yangzhou Limited (China)
eLumigen, LLC (Delaware) (46.16%)
Foshan Lear FAWSN Automotive Systems Co., Ltd. (China) (49%)
Goldcup 16011 AB (Sweden)
Greenfield Holdings, LLC (Michigan) (99.7%)
Guangzhou Lear Automotive Components Co., Ltd (China) (50%)
Guilford Europe Limited (United Kingdom)
Guilford Europe Pension Trustees Limited (United Kingdom)
Guilford Mills Europe Limited (United Kingdom)
Guilford Mills Limited (United Kingdom)
HB Polymer Company, LLC (Delaware) (10%)
Honduras Electrical Distribution Systems S. de R.L. de C.V. (Honduras) (49%)
IMA Electrical Systems de Mexico, S de R.L. de C.V. (Mexico) (49%)
Industrias Cousin Freres S.L. (Spain) (50%)
Industrias Lear de Argentina SrL (Argentina)
Innoair Technologies Co., Ltd. (Taiwan)
Insys - Interior Systems SA (Argentina) (5%)
Integrated Manufacturing and Assembly, LLC (Michigan) (49%)
Jiangxi Jiangling Lear Interior Systems Co. Ltd. (China) (50%)
Kyungshin-Lear Sales and Engineering LLC (Delaware) (49%)
Lear Corporation Czech Republic s.r.o. (Czech Republic)
Lear Corporation d.o.o. Novi Sad (Serbia)
Lear Corporation EEDS and Interiors (Delaware)
Lear Corporation France SAS (France)
Lear Corporation GmbH (Germany)
Lear Corporation Holdings Spain S.L. (Spain)
Lear Corporation Hranice Czech Republic, s.r.o. (Czech Republic)
Lear Corporation Hungary Automotive Manufacturing Kft. (Hungary)
Lear Corporation Ingenierie, S.A.S. (France)
Lear Corporation Italia S.r.l. (Italy)
Lear Corporation Japan K.K. (Japan)
Lear Corporation Jarny, S.A.S. (France)
Lear Corporation Loire, S.A.S. (France)
Lear Corporation Macedonia DOOEL Tetovo (Macedonia)
Lear Corporation Magnesio, S.A.U. (Spain)
Lear Corporation Martorell, S.A.U. (Spain)
Lear Corporation Mexico S. de R.L. de C.V. (Mexico)
Lear Corporation Pension Scheme Trustees Limited (United Kingdom)
Lear Corporation Poland II Sp. z.o.o. (Poland)
Lear Corporation Pontevedra, S.A.U. (Spain)
Lear Corporation Romania S.r.L. (Romania)
Lear Corporation S.r.L. (Moldova)
Lear Corporation Seating France Feignies SAS (France)
Lear Corporation Seating France SAS (France)
Lear Corporation Seating Slovakia s.r.o. (Slovak Republic)
Lear Corporation South East Asia Co., Ltd. (Thailand)
Lear Corporation Spain Alava, S.A.U. (Spain)
Lear Corporation Sweden AB (Sweden)
Lear Corporation UK Holdings Limited (United Kingdom)
Lear Corporation UK Interior Systems Limited (United Kingdom)
Lear Corporation Valenca, Lda. (Portugal)
Lear Corporation Vigo, S.A.U. (Spain)
Lear DFM Automotive Seating (Yancheng) Co., Ltd. (China) (50%)
Lear DFM Tachi-S Automotive Seating (Dalian) Co., Ltd. (China) (25.5%)
Lear do Brasil Industria e Comercio de Interiores Automotivos Ltda. (Brazil)
Lear Dongfeng Automotive Seating Co., Ltd. (China) (50%)
Lear East European Operations S.a.r.l. (Luxembourg)
Lear Electrical Systems de Mexico S. de R.L. de C.V. (Mexico)
Lear European Holding S.L. (Spain)
Lear Financial Services (Netherlands) B.V. (Netherlands)
Lear Global Operations S.a.r.l. (Luxembourg)
Lear Holdings, S. de R.L. de C.V. (Mexico)

Lear (Luxembourg) S.a.r.l. (Luxembourg)
Lear (China) Holding Limited (China)
Lear Automotive (EEDS) Tunisia Sarl (Tunisia)
Lear Automotive (Malaysia) Sdn. Bhd. (Malaysia)
Lear Automotive (Thailand) Co., Ltd. (Thailand)
Lear Automotive Corporation Singapore Pte. Ltd. (Singapore)
Lear Automotive EEDS Honduras, S.A. (Honduras)
Lear Automotive Electronics and Electrical Products (Shanghai) Co., Ltd. (China)
Lear Automotive Fabrics (Rui'An) Co., Ltd. (China) (95%)
Lear Automotive India Private Limited (India)
Lear Automotive Manufacturing, L.L.C. (Delaware)
Lear Automotive Metals (Wuhan) Co., Ltd. (China)
Lear Automotive Morocco SAS (Morocco)
Lear Automotive Operations Netherlands B.V. (Netherlands)
Lear Automotive Services (Netherlands) B.V. (Netherlands)
Lear Automotive Systems (Chongqing) Co., Ltd. (China)
Lear Automotive Systems (Shenyang) Co., Ltd. (China)
Lear Automotive Systems (Yangzhou) Co., Ltd. (China)
Lear Canada (Canada)
Lear Canada Holding S.a.r.l. (Luxembourg)
Lear Canada Investments ULC (Canada)
Lear Chang'an (Chongqing) Automotive System Co., Ltd. (China) (55%)
Lear Chang'an (Hangzhou) Automotive Seating Co., Ltd. (China) (55%)
Lear Corporation (Mauritius) Limited (Mauritius)
Lear Corporation (Nottingham) Limited (United Kingdom)
Lear Corporation (Shanghai) Limited (China)
Lear Corporation (SSD) Limited (United Kingdom)
Lear Corporation (UK) Limited (United Kingdom)
Lear Corporation (Vietnam) Limited (Vietnam)
Lear Corporation Ara, S.A.U. (Spain)
Lear Corporation Ardasa, S.A.U. (Spain)
Lear International Operations S.a.r.l. (Luxembourg)
Lear Korea Yuhan Hoesa (Korea)
Lear Mexican Seating Corporation (Delaware)
Lear Mexican Trim Operations, S. de R.L. de C.V. (Mexico)
Lear Otomotiv Sanayi ve Ticaret Limited Sirketi (Turkey)
Lear Seating (Thailand) Corp. Ltd. (Thailand)
Lear Sewing (Pty.) Ltd. (South Africa)
Lear Shanghai Automotive Metals Co., Ltd. (China)
Lear Trim Oto Yan Sanayi Limited Sirketi (Turkey)
Lear UK Acquisition Limited (United Kingdom)
Liuzhou Lear DFM Fangsheng Automotive Seating Co., Ltd. (China) (25.5%)
Markol Otomotiv Yan Sanayi ve Ticaret A.S. (Turkey) (35%)
Martur Sunger ve Koltuk Tesisleri Ticaret A.S. (Turkey) (.7%)
Mezed Inversiones S.r.l. (Dominican Republic)
Midtown Invest, S.L. (Spain)
MSeat Inc. (Korea) (.186%)
OOO Lear (Russia)
PT Lear Automotive Indonesia (Indonesia)
PT Lear Corporation Indonesia (Indonesia) (51%)
Qingdao Lear FAWSN Automotive Seat Systems Co., Ltd. (China) (49%)
RevoLaze, LLC (Delaware) (20%)
Rouquinet Deroy Limited (United Kingdom)
Shanghai Lear Automotive Systems Co., Ltd. (China)
Shanghai Lear STEC Automotive Parts Co., Ltd. (China) (55%)
Shenyang Lear Automotive Seating and Interior Systems Co., Ltd. (China)
Silk Theraputics, Inc. (Delaware) (7.7%)
Tachi-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd. (China) (24.5%)
Tacle Guangzhou Automotive Seat Co., Ltd. (China) (20%)
Tacle Seating UK Limited (United Kingdom)
Tempronics, Inc. (Delaware) (11.8%)
The Nanosteel Company, Inc. (Delaware) (3.76%)

[1] All subsidiaries are wholly owned unless otherwise indicated.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-219855) of Lear Corporation, and
(2) Registration Statement (Form S-8 No. 333-163009) pertaining to the 2009 Long-Term Stock Incentive Plan of Lear Corporation;

of our reports dated February 6, 2018, with respect to the consolidated financial statements and schedule of Lear Corporation and the effectiveness of internal control over financial reporting of Lear Corporation included in this Annual Report (Form 10-K) of Lear Corporation for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Detroit, Michigan
February 6, 2018

Exhibit 31.1

CERTIFICATION

I, Matthew J. Simoncini, certify that:

1. I have reviewed this annual report on Form 10-K of Lear Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2018

By: /s/ Matthew J. Simoncini
Matthew J. Simoncini
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Jeffrey H. Vanneste, certify that:

1. I have reviewed this annual report on Form 10-K of Lear Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2018

By: /s/ Jeffrey H. Vanneste

Jeffrey H. Vanneste

Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Lear Corporation (the "Company") on Form 10-K for the period ended December 31, 2017, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	February 6, 2018	Signed:	/s/ Matthew J. Simoncini
			Matthew J. Simoncini
			Chief Executive Officer

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Lear Corporation (the "Company") on Form 10-K for the period ended December 31, 2017, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2018

Signed: /s/ Jeffrey H. Vanneste
Jeffrey H. Vanneste
Chief Financial Officer

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.