

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 22, 2004**

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-11311
(Commission File Number)

13-3386776
(IRS Employer Identification Number)

21557 Telegraph Road, Southfield, MI
(Address of principal executive offices)

48034
(Zip Code)

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

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

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Item 7. Financial Statements and Exhibits

- (c) Exhibits
- | | |
|------|---|
| 99.1 | Press release issued July 22, 2004, filed herewith. |
| 99.2 | Presentation slides from the Lear Corporation webcast of its second quarter 2004 earnings call held on July 22, 2004, filed herewith. |

Item 9. Regulation FD Disclosure

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

Item 12. Results of Operations and Financial Condition

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

On July 22, 2004, Lear Corporation issued a press release reporting its financial results for the second quarter of 2004 and updating its earnings guidance for 2004. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

On July 22, 2004, Lear Corporation made available the presentation slides attached hereto as Exhibit 99.2 in a webcast of its second quarter 2004 earnings call. Exhibit 99.2 is incorporated by reference herein.

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

SIGNATURE

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

LEAR CORPORATION,
a Delaware corporation

Date: July 22, 2004

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

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release issued July 22, 2004, filed herewith.
99.2	Presentation slides from the Lear Corporation webcast of its second quarter 2004 earnings call held on July 22, 2004, filed herewith.

FOR IMMEDIATE RELEASE

Investor Relations:Anne Bork
(248) 447-5914**Media:**Andrea Puchalsky
(248) 447-1651**Lear Posts Record Second Quarter Net Sales of \$4.3 Billion**

Southfield, Mich., July 22, 2004 — Lear Corporation [NYSE: LEA], the world's largest automotive interior systems supplier, today reported financial results for the second quarter of 2004 and updated 2004 guidance.

Second Quarter Highlights:

- **Posted record net sales of \$4.3 billion, up 4% from a year ago**
- **Reported net income of \$1.65 per share, up 7% from a year ago**
- **Awarded new seat business with Mazda in North America**
- **Continued to expand the business in China and Korea**
- **Completed Grote & Hartmann acquisition; integration in process**
- **Received four World Excellence Awards from Ford Motor Company**

For the second quarter of 2004, Lear posted record net sales of \$4.3 billion and net income of \$116.1 million, or \$1.65 per share. These results compare to net sales of \$4.1 billion and net income of \$104.1 million, or \$1.54 per share, for the second quarter of 2003.

Net sales rose \$183 million, or 4%, from the comparable period last year. The net sales increase reflects primarily the addition of new business globally and the impact of foreign currency, offset in part by unfavorable vehicle production mix.

Net income per share of \$1.65 in the quarter was a 7% improvement compared with a year earlier, reflecting the change in net sales as well as favorable operating performance, partially offset by the impact of new business development expenses and the costs associated with facility actions. The current year results also benefited from lower interest expense and a reduced overall tax rate.

(more)

“At Lear, the entire team is focused on delivering the best possible overall value to our customers and our shareholders,” said Bob Rossiter, Lear Chairman and Chief Executive Officer. “I am pleased that once again in the second quarter, we were able to post solid financial results, win new business globally, improve our quality and continue to satisfy the aggressive requirements of our customers.”

Free cash flow was \$140.0 million for the second quarter of 2004. (Net cash provided by operating activities was \$255.3 million. A reconciliation of free cash flow to net cash provided by operating activities is provided in the supplemental data page.)

During the second quarter, Lear was awarded new seating business with Mazda in North America. In addition, the Company continued to expand and grow the business in China and Korea. The Grote & Hartmann acquisition was completed on July 5, 2004, and the integration is in progress.

Lear received four World Excellence Awards from Ford Motor Company, including three Gold Awards for excellence in quality, cost and delivery and a Recognition of Achievement for Six Sigma efforts that improved Ford customer satisfaction.

Third Quarter and Full Year 2004 Outlook

In the second half, net sales are expected to benefit primarily from the addition of new business globally and the acquisition of Grote & Hartmann, offset in part by the mix of vehicle production.

For the third quarter of 2004, net sales are expected to be up about 9% from a year ago, to approximately \$3.8 billion. Net income per share is expected to be in the range of \$1.05 to \$1.20.

For the full year, net sales are estimated at \$16.8 billion, compared with \$15.7 billion in 2003. The full year sales forecast is up \$200 million from the prior guidance, reflecting primarily new business wins in Asia and with Asian automakers globally coming on-line this year.

Lear’s 2004 industry production planning assumptions are 16.0 million units for North America and 18.5 million units for Europe (16.1 million for Western Europe). Net income per share guidance remains unchanged in the \$5.85 to \$6.25 range. Full year capital spending is now forecasted to be in the high- \$300 million range, up from the prior guidance, reflecting spending for near term programs and strategically important business development initiatives. Depreciation is expected to be approximately \$375 million. Free cash flow is expected to be in the low- to mid- \$300 million range. Interest expense is expected to be about \$170 million. The second half effective tax rate is expected to be in the 26 — 27% range.

Lear will webcast its second quarter earnings conference call through the Investor Relations link at www.lear.com at 9:00 a.m. EDT on July 22, 2004. In addition, the conference call can be accessed by dialing 1-800-789-4751 (domestic) or 1-706-679-3323 (international). The audio replay will be available two hours following the call at 1-800-642-1687 (domestic) or 1-706-645-9291 (international) and will be available until August 6, 2004, with a Conference I.D. of 7533508.

Lear Corporation, a FORTUNE 500 company headquartered in Southfield, Michigan, USA, focuses on integrating complete automotive interiors, including seat systems, interior trim and electrical systems. With annual net sales of \$15.75 billion in 2003, Lear is the world's largest automotive interior systems supplier. The Company's world-class products are designed, engineered and manufactured by more than 110,000 employees. At December 31, 2003, Lear had 289 facilities located in 34 countries. Further information about Lear and its products is available on the internet at www.lear.com.

Use of Non-GAAP Financial Information

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

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

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

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

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to general economic conditions in the markets in which the Company operates, including changes in interest rates and fuel prices, fluctuations in the production of vehicles for which the Company is a supplier, labor disputes involving the Company or its significant customers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the impact and timing of program launch costs, the costs and timing of facility closures or similar actions, increases in warranty or product liability costs, risks associated with conducting business in foreign countries, fluctuations in foreign exchange rates, adverse changes in economic conditions or political instability in the jurisdictions in which the Company operates, competitive conditions impacting the Company's key customers, raw material cost and availability, the Company's ability to successfully integrate the recently acquired Grote & Hartmann operations, the outcome of legal or regulatory proceedings, unanticipated changes in free cash flow and other risks described from time to time in the Company's Securities and Exchange Commission filings.

In addition, the third quarter and full year 2004 per share earnings guidance is based on an assumed 70.6 million and 70.5 million shares outstanding, respectively, and does not reflect the potential dilutive impact of the Company's outstanding convertible senior notes.

The forward-looking statements in this news release are made as of the date hereof, and the Company does not assume any obligation to update them.

Lear Corporation and Subsidiaries
Consolidated Statements of Income

(Unaudited; in millions, except per share amounts)

	Three Months Ended	
	July 3, 2004	June 28, 2003
Net sales	\$4,284.0	\$4,101.2
Cost of sales	3,912.4	3,748.0
Selling, general and administrative expenses	158.7	141.5
Interest expense	39.2	48.3
Other expense, net	14.8	14.7
Income before income taxes	158.9	148.7
Income taxes	42.8	44.6
Net income	\$ 116.1	\$ 104.1
Basic net income per share	\$ 1.69	\$ 1.58
Diluted net income per share	\$ 1.65	\$ 1.54
Weighted average number of shares outstanding — basic	68.7	66.0
Weighted average number of shares outstanding — diluted	70.3	67.7

Lear Corporation and Subsidiaries
Consolidated Statements of Income

(Unaudited; in millions, except per share amounts)

	Six Months Ended	
	July 3, 2004	June 28, 2003
Net sales	\$8,776.1	\$7,999.9
Cost of sales	8,057.6	7,338.1
Selling, general and administrative expenses	326.4	288.2
Interest expense	78.3	100.7
Other expense, net	28.9	27.2
Income before income taxes	284.9	245.7
Income taxes	77.4	73.7
Net income	\$ 207.5	\$ 172.0
Basic net income per share	\$ 3.03	\$ 2.61
Diluted net income per share	\$ 2.95	\$ 2.55
Weighted average number of shares outstanding — basic	68.6	65.9
Weighted average number of shares outstanding — diluted	70.4	67.5

Lear Corporation and Subsidiaries
Consolidated Balance Sheets

(In millions)

	July 3, 2004	December 31, 2003
	(Unaudited)	(Audited)
ASSETS		
Current:		
Cash and cash equivalents	\$ 148.8	\$ 169.3
Accounts receivable	2,497.8	2,200.3
Inventories	563.1	550.2
Recoverable customer engineering and tooling	185.5	169.0
Other	369.1	286.6
	<u>3,764.3</u>	<u>3,375.4</u>
Long-Term:		
PP&E, net	1,808.5	1,817.8
Goodwill, net	2,928.9	2,940.1
Other	429.3	437.7
	<u>5,166.7</u>	<u>5,195.6</u>
Total Assets	<u>\$8,931.0</u>	<u>\$8,571.0</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Short-term borrowings	\$ 6.8	\$ 17.1
Accounts payable and drafts	2,570.6	2,444.1
Accrued liabilities	1,168.4	1,116.9
Current portion of long-term debt	609.6	4.0
	<u>4,355.4</u>	<u>3,582.1</u>
Long-Term:		
Long-term debt	1,433.0	2,057.2
Other	708.9	674.2
	<u>2,141.9</u>	<u>2,731.4</u>
Stockholders' Equity	<u>2,433.7</u>	<u>2,257.5</u>
Total Liabilities and Stockholders' Equity	<u>\$8,931.0</u>	<u>\$8,571.0</u>

Lear Corporation and Subsidiaries
Supplemental Data

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

	Three Months Ended	
	July 3, 2004	June 28, 2003
Net Sales		
North America	\$2,367.3	\$2,474.9
Europe	1,671.0	1,455.9
Rest of World	245.7	170.4
Total	<u>\$4,284.0</u>	<u>\$4,101.2</u>
Content Per Vehicle *		
North America	\$ 567	\$ 596
Total Europe	\$ 345	\$ 303
Western Europe	\$ 368	\$ 315
Free Cash Flow **		
Net cash provided by operating activities	\$ 255.3	\$ 160.7
Net change in sold accounts receivable	—	86.2
Net cash provided by operating activities before net change in sold accounts receivable	255.3	246.9
Capital expenditures	(115.3)	(67.0)
Free cash flow	<u>\$ 140.0</u>	<u>\$ 179.9</u>
Depreciation	\$ 87.0	\$ 77.7
Six Months Ended		
	July 3, 2004	June 28, 2003
Net Sales		
North America	\$4,873.4	\$4,913.0
Europe	3,427.6	2,787.2
Rest of World	475.1	299.7
Total	<u>\$8,776.1</u>	<u>\$7,999.9</u>
Content Per Vehicle *		
North America	\$ 578	\$ 596
Total Europe	\$ 350	\$ 297
Western Europe	\$ 373	\$ 307
Free Cash Flow **		
Net cash provided by operating activities	\$ 312.1	\$ 257.3
Net change in sold accounts receivable	70.4	139.6
Net cash provided by operating activities before net change in sold accounts receivable	382.5	396.9
Capital expenditures	(192.6)	(137.3)
Free cash flow	<u>\$ 189.9</u>	<u>\$ 259.6</u>
Depreciation	\$ 170.1	\$ 152.1

* Content Per Vehicle for 2003 has been updated to reflect actual production levels.

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



Exhibit 99.2

Second Quarter 2004 Earnings Review July 22, 2004

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

▶ *advance relentlessly*®



Agenda

- I. **Strategy Update**
Bob Rossiter, Chairman and CEO

- II. **Operating Review**
Jim Vandenberghe, Vice Chairman

- III. **Financial Review and Guidance**
Dave Wajsgras, SVP and CFO

- IV. **Q & A**

Strategy Update

Customer-Focused Strategy Driving Results

- ▶▶ Overall Lear strategy unchanged; operating fundamentals have never been stronger

- ▶▶ Continuing to meet challenging customer requirements and turn in solid financial results

- ▶▶ Global growth of Asian automakers driving need for supplier diversification and new technology

- ▶▶ Profitably growing our business worldwide and further diversifying our sales mix



Our Presence in Asia is Growing Rapidly*

China

- 11 facilities
- 1 engineering center
- 21 customers
- Seats, interiors, electrical distribution, electronics, IP

Korea

- 2 facilities
- 1 engineering center
- 2 customers
- Seats

India

- 3 facilities
- 1 engineering center
- 4 customers
- Seats, interior integration

Japan

- 3 engineering centers
- 5 customers
- Interior integration

Thailand

- 2 facilities
- 5 customers
- Seats, seat trim, door panels

Philippines

- 4 facilities
- 1 engineering center
- 7 customers
- Electrical distribution

* Includes facilities held through joint ventures

Progress Report on Asian Strategy

- ▶▶ Infrastructure strengthened to support future Asian growth

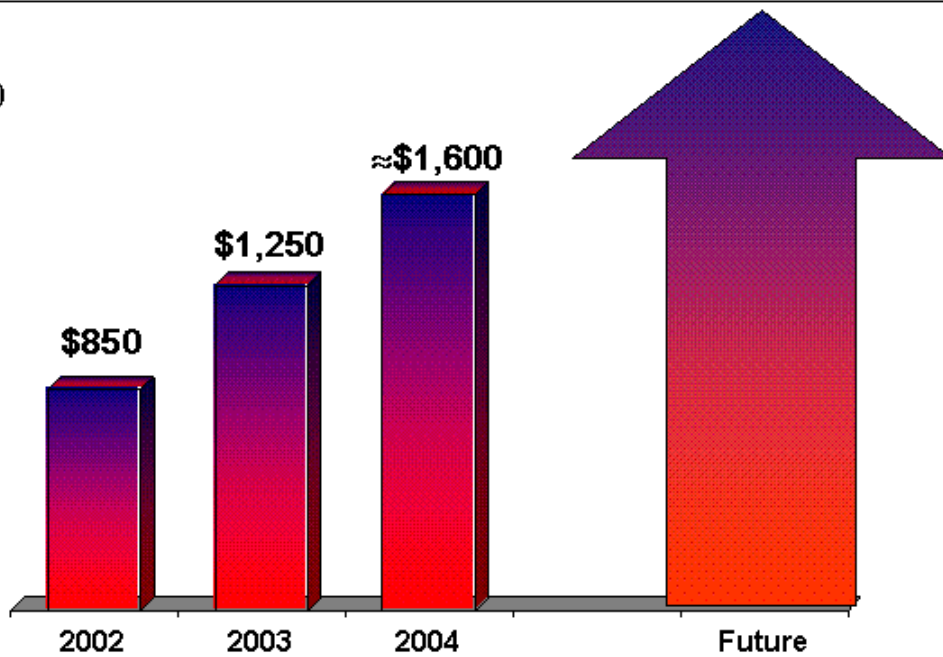
- ▶▶ Continuing to develop key strategic partnerships to enhance market position, particularly in China and Korea

- ▶▶ Low-cost engineering/manufacturing capabilities in place, providing competitiveness globally

*Well Positioned to Achieve Rapid Growth in Asia
and with Asian Manufacturers Globally*

Asia/Asian Automakers Revenue*

(millions)



*Asian Sales About Double from 2002 to 2004;
Solid Growth Expected to Continue***

* Consolidated and unconsolidated sales

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

Operating Review

Second Quarter Results Solid in Challenging Environment

Financials

- ▶▶ Achieved record second quarter net sales of \$4.3 billion and net income per share of \$1.65
- ▶▶ Agreements reached for major facility actions

Quality

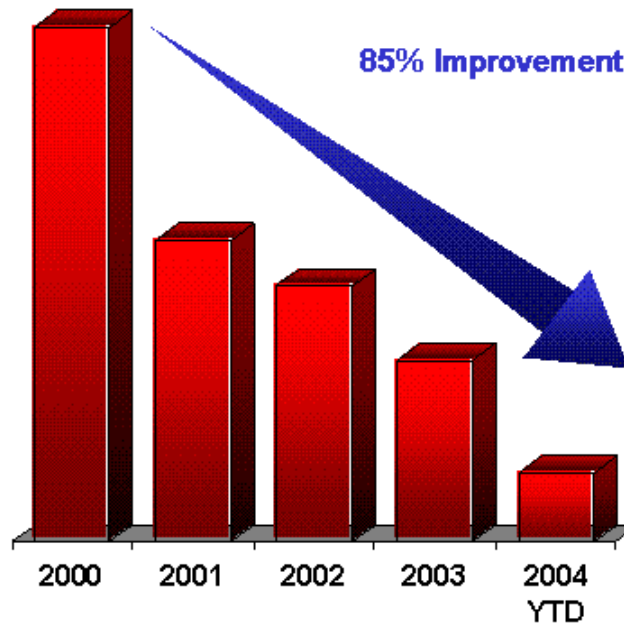
- ▶▶ Quality metrics continued to improve worldwide
- ▶▶ Received four World Excellence Awards from Ford Motor Company

Growth

- ▶▶ Continued to expand our business in China and Korea
- ▶▶ Awarded new Mazda seat business in North America
- ▶▶ Grote & Hartmann closed July 5, 2004; integration in process

Quality Initiatives Continue to Drive Results

Parts Per Million (PPM) Defective*



On Track for 5th Consecutive Year of Improvement

* Based on customer data.

Developments in China in the Second Quarter

New Business This Year:

- ▶▶ Lear awarded first contract with First Autoworks (SOP - Oct. 04)
- ▶▶ New electronics plant to supply Shanghai GM, Honda and Saturn (SOP - July 04)

Business Development:

- ▶▶ Lear / Yunhe JV awarded first seat business with Peugeot (SOP - Q4 05)
- ▶▶ JV with Dongfeng Motors is well positioned to serve Nissan and Honda

*Leveraging Joint Venture Infrastructure and Relationships
With Global Customers to Support Rapid Growth in China*

Lear Awarded New Seat Business with Mazda

- ▶▶ Effective June 1, 2004, Lear was awarded seats and seat component business for:
 - Mazda 6
 - Mazda Tribute / Ford Escape

- ▶▶ Expected annual sales of approximately \$100 million



Making Progress with North American Transplants

Selected Second Half 2004 Lear Product Launches

Domestic Automakers

- ▶▶ Buick LaCrosse – Seats, electronics
- ▶▶ Dodge Dakota – Seats, headliner, IP, wire harness, electronics
- ▶▶ Ford Freestyle / Five Hundred – Seats, flooring & acoustics, headliner, electronics
- ▶▶ Jeep Grand Cherokee – Wire harness, electronics

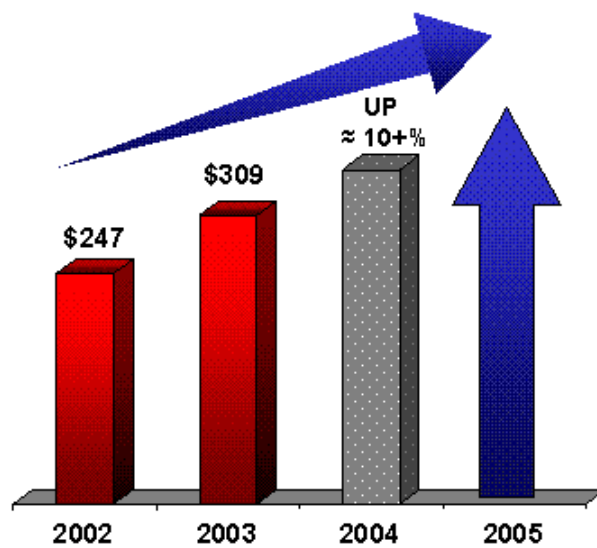
European Automakers

- ▶▶ Audi A6 – Seats
- ▶▶ BMW 3-Series – Seats, headliner, electronics
- ▶▶ Citroen C6 – Seats

Asian Automakers

- ▶▶ Honda Pilot / Odyssey – Headliner, electronics
- ▶▶ Nissan Liberty – Wire harness
- ▶▶ Toyota Tacoma – Flooring & acoustics, headliner

European CPV Growth will Moderate in 2005 *

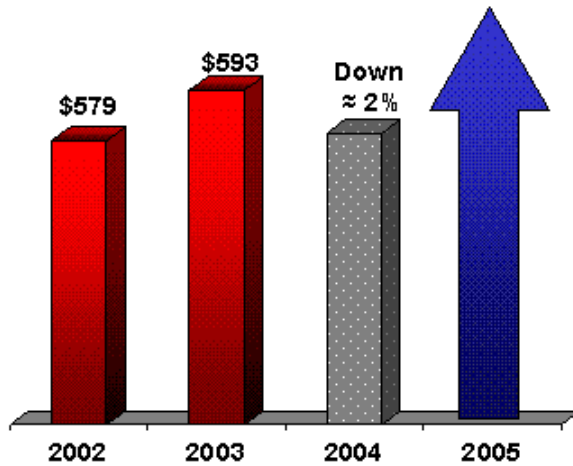


- ▶▶ European CPV has steadily improved
- ▶▶ Approximately 70% of the 2004 backlog concentrated in Europe

Growth in European CPV to Continue in 2004

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

North American CPV to Improve in 2005 *



- ▶▶ 2004 North American CPV down year-over-year
 - Phase out of Ford Windstar and GM Grand Am/Alero
 - Approximately 15% of the 2004 backlog concentrated in North America
- ▶▶ CPV expected to improve in 2005 with record backlog

2005 New Business Backlog Expected to Support North American CPV Improvement

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

Financial Review and Guidance

Production Environment – Second Quarter 2004

North America

- ▶▶ Industry production about flat versus the same period in 2003
- ▶▶ Big Three production down 1%; key Lear platforms down more than average

Europe

- ▶▶ Industry production up 1%; Western Europe production down about 2%
- ▶▶ Euro 7% stronger than last year

Production Mix Remains Challenging in North America

Financial Highlights – Second Quarter 2004

(millions, except net income per share)	<i>Second Quarter 2004</i>	<i>Second Quarter 2003</i>	<i>2Q '04 B/(W) 2Q '03</i>
Net Sales	\$4,284.0 ✓	\$4,101.2	\$182.8
Income before Interest, Other Expense & Income Taxes (core operating earnings)*	\$212.9	\$211.7	\$1.2
Margin	5.0%	5.2%	(20)bps
Net Income	\$116.1	\$104.1	\$12.0
Net Income Per Share	\$1.65	\$1.54	\$0.11
SG&A % of Net Sales	3.7%	3.5%	(20)bps
Interest Expense	\$39.2	\$48.3	\$9.1
Other Expense, Net	\$14.8	\$14.7	\$(0.1)
Effective Tax Rate	27%	30%	3%

✓ Record

* Income before income taxes for the second quarter 2004 and 2003 was \$158.9 and \$148.7, respectively. Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

Financial Review

2Q04 vs. 2Q03 Change in Net Sales, Core Operating Earnings and Margin

Net Sales (up \$183 million)

- + Addition of new business globally (\$151 million)
- + Impact of foreign currency, primarily stronger Euro (\$124 million)
offset in part by
- Vehicle production mix, primarily in North America (\$128 million)

Core Operating Earnings* (essentially flat)

- + Net operating performance
- + Profit contribution from new business globally
primarily offset by
- Impact of new business development expenses
- Costs associated with facility actions
- Vehicle production mix

Margin (down 20 basis points)

- Factors affecting operating earnings
- Impact of foreign currency

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

Second Quarter Cash Flow

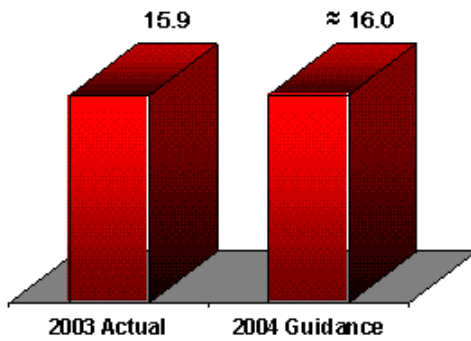
(millions)	<u>2Q 2004</u>	<u>Six Months 2004</u>
Net Income	\$ 116	\$ 208
Depreciation	87	170
Working Capital / Other	52	5
Cash from Operations*	<u>\$ 255</u>	<u>\$ 383</u>
Capital Expenditures	<u>(115)</u>	<u>(193)</u>
Free Cash Flow	<u><u>\$ 140</u></u>	<u><u>\$ 190</u></u>

Generating Cash while Growing the Business

* Cash from Operations represents net cash provided by operating activities (\$255.3 for second quarter 2004 and \$312.1 for six months ended 7/03/04) before net change in sold accounts receivable (\$0.0 for second quarter 2004 and \$70.4 for six months ended 7/03/04). Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

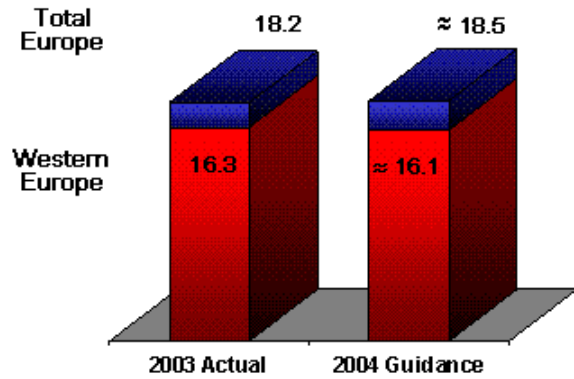
Full Year Vehicle Production Assumptions*

North America (millions)



Third Quarter
3.7 ≈ 3.6

Europe (millions)

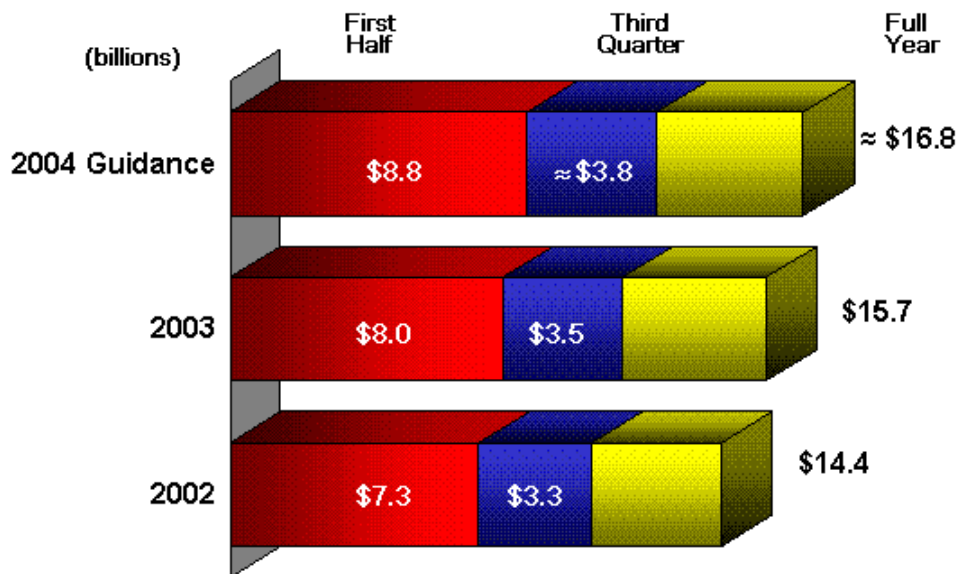


Third Quarter
Total Europe 4.0 ≈ 4.1
Western Europe 3.6 ≈ 3.6

Flat Third Quarter North American Production and Slight Increase in Third Quarter European Production Expected

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

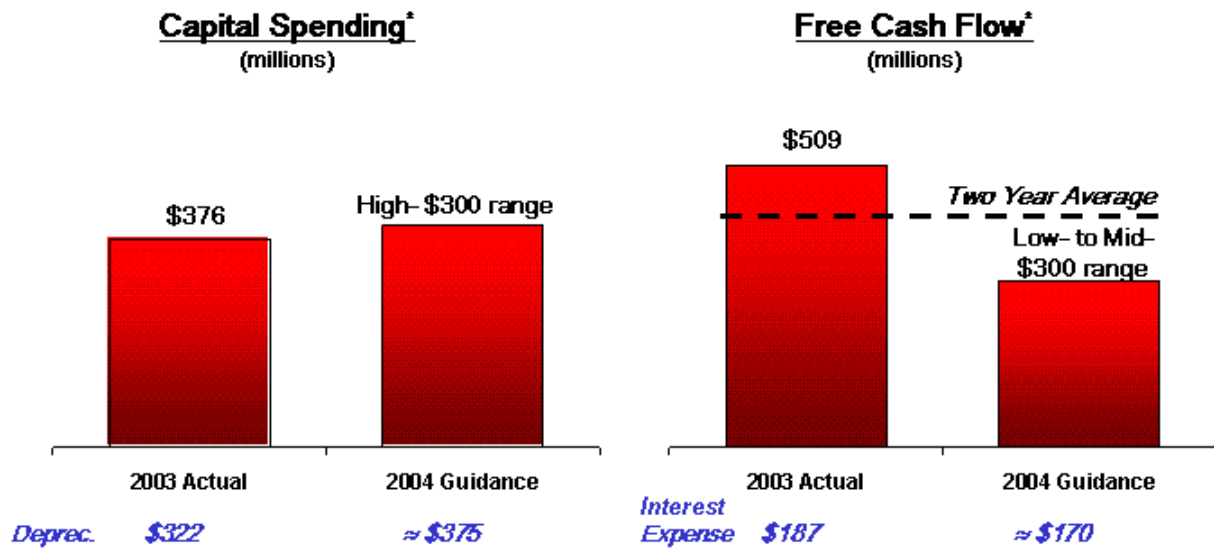
Third Quarter and Full Year Net Sales*



Anticipate Record Third Quarter and Full Year Net Sales in 2004

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

Capital Spending and Free Cash Flow



Capital Spending In-line with Depreciation

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

Factors Impacting Capital Spending

- ▶▶ Short investment cycles on recently awarded programs
 - Asian awards (specifically China and Korea)
 - New cockpit business / new electronics
 - Conquest business

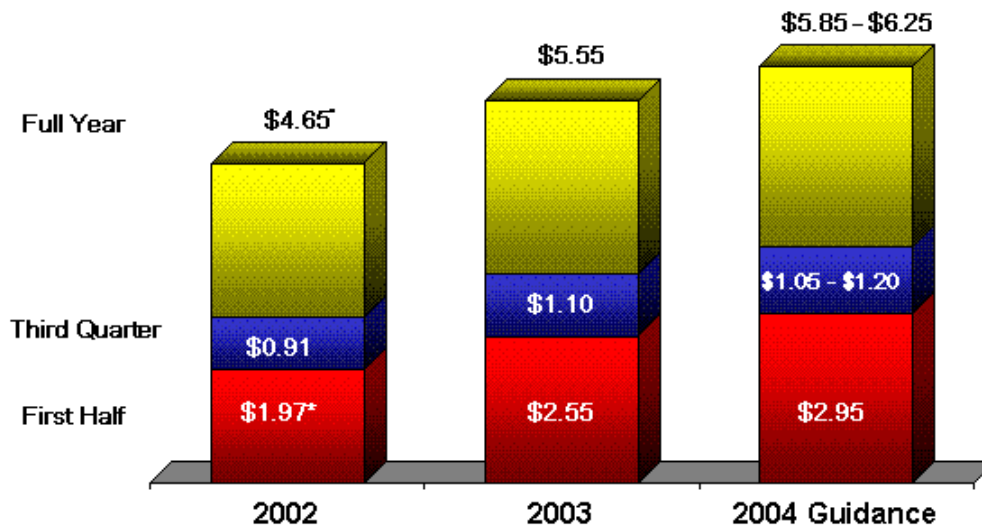
- ▶▶ Advance spending to ensure successful launch of critical programs
 - GM Total Interior program
 - Ford Explorer

- ▶▶ Roll-out of new Lear technologies / products
 - Flexible seating architecture
 - Acoustics systems

2004 Guidance



Net Income Per Share**



Anticipate Record Full Year Net Income Per Share in 2004

* Represents income per share before cumulative effect of a change in accounting principle, which excludes the impact of goodwill impairment of \$298.5 million after-tax, or \$4.46 per share in the first half and full year of 2002.

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

Comments on Earnings Guidance

- ▶▶ Factors impacting second half financial results:
 - Material costs, reflects increasing commodity prices
 - New business development costs, reflects important new program awards, rapid expansion in Asia
 - N.A. vehicle production mix, primarily trucks and SUVs
 - + European production volumes
 - + Effective tax rate (26% to 27% vs. 28%)

*Full Year Guidance Unchanged;
Challenging Conditions in the Second Half*

Summary and Financial Outlook

- ▶▶ Growth strategy in place; meaningful progress this year
- ▶▶ Asian expansion and new business development globally requiring capital investment
- ▶▶ Second quarter financial results solid; major facility actions resolved
- ▶▶ Full-year guidance unchanged, despite challenging production environment, rising raw material costs and increasing new business development costs
- ▶▶ Record backlog in 2005 expected to support:
 - Moderate CPV growth in Europe
 - Renewed CPV growth in North America



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CORPORATION

ADVANCE RELENTLESSLY™



▶▶ www.lear.com

Use of Non-GAAP Financial Information

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

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

Neither income before interest, other expense and income taxes nor free cash flow should be considered in isolation or as substitutes for net income, 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, the calculation of free cash flow does not reflect cash used to service debt and thus, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

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

Use of Non-GAAP Financial Information Core Operating Earnings



(millions)	<u>Q2 2004</u>	<u>Q2 2003</u>
<u>Income before interest, other expense and income taxes</u>		
Income before income taxes	\$ 158.9	\$ 148.7
Interest expense	39.2	48.3
Other expense, net	<u>14.8</u>	<u>14.7</u>
Income before interest, other expense and income taxes (core operating earnings)	<u>\$ 212.9</u>	<u>\$ 211.7</u>

Use of Non-GAAP Financial Information Free Cash Flow



(millions)	<u>Q2 2004</u>	<u>Six Months</u> <u>2004</u>
Free cash flow		
Net cash provided by operating activities	\$ 255.3	\$ 312.1
Net change in sold accounts receivable	<u>-</u>	<u>70.4</u>
Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	255.3	382.5
Capital expenditures	<u>(115.3)</u>	<u>(192.6)</u>
Free cash flow	<u>\$ 140.0</u>	<u>\$ 189.9</u>

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to general economic conditions in the markets in which the Company operates, including changes in interest rates and fuel prices, fluctuations in the production of vehicles for which the Company is a supplier, labor disputes involving the Company or its significant customers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the impact and timing of program launch costs, the costs and timing of facility closures or similar actions, increases in warranty or product liability costs, risks associated with conducting business in foreign countries, fluctuations in foreign exchange rates, adverse changes in economic conditions or political instability in the jurisdictions in which the Company operates, competitive conditions impacting the Company's key customers, raw material cost and availability, the Company's ability to successfully integrate the recently acquired Grote and Hartmann operations, the outcome of legal or regulatory proceedings, unanticipated changes in free cash flow and other risks described from time to time in the Company's Securities and Exchange Commission filings.

In addition, the third quarter and full year 2004 per share earnings guidance is based on an assumed 70.6 million and 70.5 million shares outstanding, respectively, and does not reflect the potential dilutive impact of the Company's outstanding convertible senior notes.

The forward-looking statements in this presentation are made as of the date hereof, and the Company does not assume any obligation to update them.