

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

FORM S-8  
 REGISTRATION STATEMENT  
 UNDER  
 THE SECURITIES ACT OF 1933

LEAR CORPORATION  
 (Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization) 21557 TELEGRAPH ROAD SOUTHFIELD, MICHIGAN (Address of principal executive offices)	13-3386776 (I.R.S. Employer Identification No.)  48034 (zip code)
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MASLAND CORPORATION 1993 STOCK OPTION INCENTIVE PLAN  
 MASLAND HOLDINGS, INC. 1991 STOCK PURCHASE AND OPTION PLAN  
 (Full title of the Plans)

JAMES H. VANDENBERGHE  
 EXECUTIVE VICE PRESIDENT  
 LEAR CORPORATION  
 21557 TELEGRAPH ROAD  
 SOUTHFIELD, MICHIGAN 48034  
 (Name and address of agent for service)

(810) 746-1500  
 (Telephone number, including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES TO BE REGISTERED(1)	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Stock, \$.01 par value.....	1,442,764 shares	\$37.8125	\$54,554,514	\$18,811.90

(1) Pursuant to Rule 416, this Registration Statement shall be deemed to cover any additional shares of Common Stock which may be issuable pursuant to the antidilution provisions of the Masland Corporation 1993 Stock Option Incentive Plan and the Masland Holdings, Inc. 1991 Stock Purchase and Option Plan.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) on the basis of the average high and low prices reported on the New York Stock Exchange Composite Tape on June 13, 1996.

## PART I

## INFORMATION REQUIRED IN SECTION 10(A) PROSPECTUS

The document(s) containing the information specified in Part I of Form S-8 will be sent or given to participating employees as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). Such documents are not being filed with or included in this Form S-8 (by incorporation by reference or otherwise) in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC"). These documents and the documents incorporated by reference into this Registration Statement pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

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## PART II

## INFORMATION REQUIRED IN THIS REGISTRATION STATEMENT

## ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

Lear Corporation (the "Registrant") hereby incorporates the following documents herein by reference:

- (a) The Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995;
- (b) The Registrant's Quarterly Report on Form 10-Q for the period ended March 30, 1996;
- (c) The Registrant's Current Report on Form 8-K filed on May 22, 1996;
- (d) All other reports filed by the Registrant pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or after December 31, 1995; and
- (e) The Registrant's Registration Statement on Form 8-A filed on April 1, 1994, as amended by Amendment No. 1 on Form 8-A/A filed on April 5, 1994.

In addition, all documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all such securities then remaining unsold shall be deemed to be incorporated herein by reference and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

## ITEM 4. DESCRIPTION OF SECURITIES

Not Applicable.

## ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

None.

## ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

As authorized by Section 145 of the General Corporation Law of Delaware (the "Delaware Corporation Law"), each director and officer of the Registrant may be indemnified by the Registrant against expenses (including attorney's fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred in connection with the defense or settlement of any threatened, pending or completed legal proceedings in which he is involved by reason of the fact that he is or was a director or officer of the Registrant if he acted in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Registrant, and, with respect to any criminal action or proceeding, if he had no reasonable cause to believe that his conduct was unlawful. If the legal proceeding, however, is by or in the right of the Registrant, the director or officer may not be indemnified in respect to any claim, issue or matters as to which he shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Registrant unless a court determines otherwise.

Article Five of the Restated Certificate of Incorporation of the Registrant provides that no director of the Registrant shall be personally liable to the Registrant or its stockholders for monetary damages for any breach of his fiduciary duty as a director; provided, however, that such clause shall not apply to any liability of a director (1) for any breach of his duty of loyalty to the Registrant or its stockholders, (2) for acts or omissions

that are not in good faith or involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the Delaware Corporation Law, or (4) for any transaction from which the director derived an improper personal benefit. In addition, Article Six of the Restated Certificate of Incorporation of the Registrant and Article VIII of the Amended and Restated By-Laws of the Registrant provide for the indemnification of the Registrant's directors and officers.

The Registrant maintains directors and officers liability insurance that insures the directors and officers of the Registrant against certain liabilities. In addition, Lehman Brothers Inc. has agreed to indemnify David P. Spalding, James A. Stern and Alan H. Washkowitz, each being a director of the Registrant, in connection with their service as directors of the Registrant.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not Applicable.

ITEM 8. EXHIBITS

- 4.1 Masland Corporation 1993 Stock Option Incentive Plan
- 4.2 Masland Holdings, Inc. 1991 Stock Purchase and Option Plan
- 4.3 Form of Option Assumption Agreement
- 4.4 Form of Option Cancellation Agreement
- 4.5 Form of certificate for the Registrant's Common Stock, par value \$.01 per share (filed as Exhibit 4.5 to the Registrant's Registration Statement on Form S-8 (No. 33-55783) and incorporated herein by reference)
- 5.1 Opinion of Winston & Strawn as to the legality of the securities being registered
- 23.1 Consent of Arthur Andersen LLP
- 23.2 Consent of Winston & Strawn (included in their opinion filed as Exhibit 5.1)
- 24.1 Powers of Attorney (included on the signature page hereof)

## ITEM 9. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of the securities registered hereby, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement; provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) of this section do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby further undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of the annual report of the employee benefit plans pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the undersigned Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Southfield, Michigan on the 17th day of June, 1996.

LEAR CORPORATION

By: /s/ KENNETH L. WAY

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 Kenneth L. Way  
 Chairman of the Board and  
 Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kenneth L. Way, Robert E. Rossiter and James H. Vandenberghe and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all said attorneys-in-fact and agents, or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ KENNETH L. WAY	Chairman of the Board and Chief Executive Officer	June 17, 1996
Kenneth L. Way	(Principal Executive Officer)	
/s/ ROBERT E. ROSSITER	President, Chief Operating Officer and Director	June 17, 1996
Robert E. Rossiter		
/s/ JAMES H. VANDENBERGHE	Executive Vice President, Chief Financial Officer and Director	June 17, 1996
James H. Vandenberghe	(Principal Financial and Principal Accounting Officer)	
/s/ LARRY W. MCCURDY	Director	June 17, 1996
Larry W. McCurdy		
/s/ GIAN ANDREA BOTTA	Director	June 17, 1996
Gian Andrea Botta		
/s/ ROBERT W. SHOWER	Director	June 17, 1996
Robert W. Shower		

SIGNATURE	TITLE	DATE
----- /s/ DAVID P. SPALDING	Director	June 17, 1996
----- David P. Spalding /s/ JAMES A. STERN	Director	June 17, 1996
----- James A. Stern /s/ ALAN WASHKOWITZ	Director	June 17, 1996
----- Alan Washkowitz		

## EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIAL PAGE NUMBER
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5.1	Opinion of Winston & Strawn as to the legality of the securities being registered	
23.1	Consent of Arthur Andersen LLP	
23.2	Consent of Winston & Strawn (included in their opinion filed as Exhibit 5.1)	
24.1	Powers of Attorney (included on the signature page hereof)	



MASLAND CORPORATION  
1993 STOCK OPTION INCENTIVE PLAN

ARTICLE 1.

ESTABLISHMENT AND PURPOSE

1.1 Establishment and Effective Date. Masland Corporation, a Delaware Corporation (the "Corporation"), hereby establishes a stock incentive plan to be known as the Masland Corporation 1993 Stock Option Incentive Plan (the "Plan"). The Plan was adopted by the Board of Directors on October 25, 1993, was approved by the Company's stockholders on October 25, 1993, and became effective on the later date. Upon approval by the Board of Directors of the Corporation (the "Board"), awards may be made as provided herein, subject to subsequent stockholder approval. In the event that such stockholder approval is not obtained, any such awards shall be cancelled and all rights of associates with respect to such awards shall thereupon cease.

1.2 Purpose. The Corporation desires to attract and retain the best available executive and key management associates for itself and its subsidiaries and to encourage the highest level of performance by such associates in order to serve the best interests of the Corporation and its stockholders. The Plan is expected to contribute to the attainment of these objectives by offering eligible associates the opportunity to acquire stock ownership interests in the Corporation, and other rights enabling them to share in appreciation in value of the stock of the Corporation, thereby providing them with incentives to put forth maximum efforts for the success of the Corporation and its subsidiaries.

ARTICLE 2.

AWARDS

2.1 Form of Awards. Awards under the Plan may be granted in any one or more of the following forms: (i) incentive stock options ("Incentive Stock Options") meeting the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) nonstatutory stock options ("Nonstatutory Stock Options") (unless otherwise indicated, references in the Plan to Options shall include both Incentive Stock Options and Nonstatutory Stock Options); and (iii) stock appreciation rights ("Stock Appreciation Rights"), which may be awarded either in tandem with Options ("Tandem Stock Appreciation Rights") or on a stand-alone basis ("Nontandem Stock Appreciation Rights").

2.2 Maximum Shares Available. The maximum aggregate number of shares of Common Stock available for award under the Plan is 500,000, increased by any unused shares available for grant on the effective date of the Plan under the Corporation's 1991 Stock Purchase and Option Plan (the "Prior Plan"), but in no event shall the total exceed 800,000, and subject to adjustment pursuant to Article 11. In the event that prior to the end of the period during which Options may be granted under the Plan, any Option or any Nontandem Stock Appreciation Right under the Plan expires unexercised or is terminated, surrendered or cancelled (other than in connection with the exercise of a Stock Appreciation Right) without being exercised in whole or in part for any reason, then such

shares or units may, at the discretion of the Committee, be made available for subsequent awards under the Plan, upon such terms as the Committee may determine.

### ARTICLE 3.

#### ADMINISTRATION

3.1 Committee. The Plan shall be administered by a Compensation Committee (the "Committee") appointed by the Board and consisting of not less than two (2) members of the Board who are not also employees of the Corporation or any of its subsidiaries. Except as permitted by Rule 16b-3(c)(i)(A), (B), (C) and (D) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), no member of the Board may serve on the Committee if such member is or has been granted stock options, stock appreciation rights or any other derivative security of the Corporation or any of its affiliates pursuant to this Plan or any other similar plan of the Corporation or its affiliates either while serving on the Committee or during the one year period prior to being appointed to the Committee, except nonqualified stock options under the Corporation's Non-Employee Directors Stock Option Plan.

3.2 Powers of Committee. Subject to the express provisions of the Plan, the Committee shall have the power and authority (i) to grant Options and to determine the purchase price of the Common Stock covered by each Option, the term of each Option, the number of shares of Common Stock to be covered by each Option and any performance objectives or vesting standards applicable to each Option; (ii) to designate Options as Incentive Stock Options or Nonstatutory Stock Options and to determine which Options, if any, shall be accompanied by Tandem Stock Appreciation Rights; (iii) to grant Tandem Stock Appreciation Rights and Nontandem Stock Appreciation Rights and to determine the terms and conditions of such rights; and (iv) to determine the associates to whom, and the time or times at which, Options and Stock Appreciation Rights shall be granted.

3.3 Delegation. The Committee may delegate to one or more of its members or to any other person or persons such ministerial duties as it may deem advisable; provided, however, that the Committee may not delegate any of its responsibilities hereunder if such delegation will cause the Plan to fail to comply with the "disinterested administration" rules under Section 16 of the 1934 Act. The Committee may also employ attorneys, consultants, accountants or other professional advisors and shall be entitled to rely upon the advice, opinions or valuations of any such advisors.

3.4 Interpretations. The Committee shall have sole discretionary authority to interpret the terms of the Plan, to adopt and revise rules, regulations and policies to administer the Plan and to make any other factual determinations which it believes to be necessary or advisable for the administration of the Plan. All actions taken and interpretations and determinations made by the Committee in good faith shall be final and binding upon the Corporation, all associates who have received awards under the Plan and all other interested persons.

3.5 Liability; Indemnification. No member of the Committee, nor any associate to whom ministerial duties have been delegated, shall be personally liable for any action, interpretation or determination made with respect to the Plan or awards made thereunder, and each member of the Committee and any such associate shall be fully indemnified and protected by the Corporation with

respect to any liability he or she may incur with respect to any such action, interpretation or determination, to the extent permitted by applicable law and to the extent provided in the Corporation's Certificate of Incorporation and Bylaws, as amended from time to time.

ARTICLE 4.

ELIGIBILITY

Awards shall be limited to executive and key management associates who are regular, full-time associates of the Corporation and its present and future subsidiaries and to a limited number of outside consultants and advisors to the Corporation or its subsidiaries. In determining the associates to whom awards shall be granted and the number of shares to be covered by each award, the Committee shall take into account the nature of the services rendered by such associates, their present and potential contributions to the success of the Corporation and its subsidiaries and such other factors as the Committee in its sole discretion shall deem relevant. Unless otherwise specified, references to associates herein shall mean both employees and non-employee consultants who have received grants under this Plan. As used in this Plan, the term "subsidiary" shall mean any corporation which at the time qualifies as a subsidiary of the Corporation under the definition of "subsidiary corporation" set forth in Section 424(f) of the Code, or any similar provision hereafter enacted.

ARTICLE 5.

STOCK OPTIONS

5.1. Grant of Options. Options may be granted under this Plan for the purchase of shares of Common Stock. Options shall be granted in such form and upon such terms and conditions, including the satisfaction of corporate or individual performance objectives and other vesting standards, as the Committee shall from time to time determine.

5.2 Option Price. The option price of each Option to purchase Common Stock shall be determined by the Committee at the time of grant, but shall not be less than 100 percent of the fair market value of the Common Stock subject to such Option on the date of grant. The option price so determined shall also be applicable in connection with the exercise of any Tandem Stock Appreciation Right granted with respect to such Option.

5.3 Term of Options. The term of each Nonstatutory Stock Option granted under the Plan shall not exceed ten (10) years and one day from the date of grant, subject to earlier termination as provided in Articles 9 and 10. Except as otherwise provided in Section 6.1 with respect to ten percent (10%) stockholders of the Corporation, the term of each Incentive Stock Option shall not exceed ten (10) years from the date of grant, subject to earlier termination as provided in Articles 9 and 10.

5.4 Exercise of Options. An Option may be exercised, in whole or in part, at such time

or times as the Committee shall determine. The Committee may, in its discretion, accelerate the exercisability of any Option at any time. Options may be exercised by an associate by giving written notice to the Committee stating the number of shares of Common Stock with respect to which the Option is being exercised and tendering payment therefor. Payment for the Common Stock issuable upon exercise of the Option shall be made in full in cash or by check or, if the Committee, in its sole discretion, permits, in shares of Common Stock (valued at fair market value on the date of exercise). As soon as reasonably practicable following such exercise, a certificate representing the shares of Common Stock purchased, registered in the name of the associate, shall be delivered to the associate. Notwithstanding the foregoing, an associate may not exercise an Option prior to the approval of the Plan by the Corporation's stockholders.

5.5 Cancellation of Stock Appreciation Rights. Upon exercise of all or a portion of an Option, the related Tandem Stock Appreciation Rights shall be cancelled with respect to an equal number of shares of Common Stock.

5.6 Restriction on Subsequent Disposition of Stock. No shares of Common Stock issued upon exercise of an Option or Stock Appreciation Right may be sold or otherwise disposed of within six (6) months following the date of grant (assuming it is exercisable within such period of time) by any associate who is or may be subject to Section 16 of the 1934 Act.

#### ARTICLE 6.

##### SPECIAL RULES APPLICABLE TO INCENTIVE STOCK OPTIONS

6.1 Ten Percent Stockholder. Notwithstanding any other provision of this Plan to the contrary, no associate may receive an Incentive Stock Option under the Plan if such associate, at the time the award is granted, owns (after application of the rules contained in Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation or its subsidiaries, unless (i) the option price for such Incentive Stock Option is at least 110 percent of the fair market value of the Common Stock subject to such Incentive Stock Option on the date of grant and (ii) such Option is not exercisable after a date five (5) years from the date such Incentive Stock Option is granted.

6.2 Limitation on Grants. The aggregate fair market value (determined with respect to each Incentive Stock Option at the time such Incentive Stock Option is granted) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an associate during any calendar year (under this Plan or any other plan of the Corporation or a subsidiary) shall not exceed \$100,000.

6.3 Limitation on Time of Grants. No grant of an Incentive Stock Option shall be made under this Plan more than ten (10) years after the earlier of the date of adoption of the Plan by the Board or the date the Plan is approved by the Corporation's stockholders.

6.4 Employee Status. No grant of an Incentive Stock Option shall be made under this Plan unless the associate is an employee of the Corporation or one of its subsidiaries at the date of grant.

## ARTICLE 7.

## STOCK APPRECIATION RIGHTS

7.1 Tandem Stock Appreciation Rights Generally. Tandem Stock Appreciation Rights are attached to individual Option grants and may permit the associate, depending upon the terms of grant, to either: (a) exercise such Option with respect to a specified portion of the exercisable shares of Common Stock and with respect to the remaining portion of the exercisable shares receive a cash payment equal to the gain in fair market value of such shares from the date of grant to the date of exercise, or (b) elect to receive a combination of shares of Common Stock and a cash payment at the time of exercise with the sum of the then fair market value of such shares and the cash payment for any given grant being equal to the gain in fair market value of the shares from the date of grant to the date of exercise.

7.2 Non-tandem Stock Appreciation Rights Generally. A Nontandem Stock Appreciation Right relates to shares of Common Stock' of the Corporation and generally will have the same terms and conditions as described in Section 7.1, but is independent of and unrelated to the grant of Options. The grantee of a Nontandem Stock Appreciation Right may be entitled, depending upon the terms of grant, to receive a payment in cash or in shares of Common Stock or in a combination of cash and shares equal in value to the gain in the fair market value of the Common Stock from the date of grant of such Nontandem Stock Appreciation Right to the date of exercise with respect to the shares represented by such Nontandem Stock Appreciation Right. However, the Committee, in its sole discretion, may set a maximum limit on the amount of gain that may be realized upon exercise of any such Nontandem Stock Appreciation Right, and may specify such other terms and conditions regarding the exercise of such Nontandem Stock Appreciation Right or the benefits to be derived therefrom.

7.3 Grants of Stock Appreciation Rights. Tandem Stock Appreciation Rights may be awarded by the Committee in connection with any Option granted under the Plan, either at the time the Option is granted or thereafter at any time prior to the exercise, termination or expiration of the Option. Nontandem Stock Appreciation Rights may also be granted by the Committee at any time. At the time of grant of a Nontandem Stock Appreciation Right, the Committee shall specify the number of shares of Common Stock covered by such right and the base price of the shares of Common Stock to be used in connection with the calculation described in Section 7.6 below. The base price of a Nontandem Stock Appreciation Right shall be not less than 100 percent of the fair market value of a share of Common Stock on the date of grant. Stock Appreciation Rights shall be subject to such terms and conditions not inconsistent with the other provisions of this Plan as the Committee shall determine.

7.4 Limitations on Exercise. A Tandem Stock Appreciation Right shall be exercisable only to the extent that the related Option is exercisable and shall be exercisable only for such period as the Committee may determine (which period may expire prior to the expiration date of the related Option). Upon the exercise of all or a portion of Tandem Stock Appreciation Rights, the related Option shall be cancelled with respect to an equal number of shares of Common Stock. Shares of Common Stock subject to Options, of portions thereof, surrendered upon exercise of a Tandem Stock Appreciation Right, shall not be available for subsequent awards under the Plan. A Nontandem

Stock Appreciation Right shall be exercisable during such period as the Committee shall determine.

7.5 Surrender or Exchange of Tandem Stock Appreciation Rights. A Tandem Stock Appreciation Right shall entitle the associate to surrender to the Corporation unexercised the related Option, or any portion thereof, and to receive from the Corporation in exchange therefor that number of shares of Common Stock having an aggregate fair market value equal to (A) the excess of (i) the fair market value of one (1) share of Common Stock as of the date the Tandem Stock Appreciation Right is exercised over (ii) the option price per share specified in such Option, multiplied by (B) the number of shares of Common Stock subject to the Option, or portion thereof, which is surrendered. Cash shall be delivered in lieu of any fractional shares.

7.6 Exercise of Nontandem Stock Appreciation Rights. The exercise of a Nontandem Stock Appreciation Right shall entitle the associate to receive from the Corporation that number of shares of Common Stock having an aggregate fair market value equal to (A) the excess of (i) the fair market value of one (1) share of Common Stock as of the date on which the Nontandem Stock Appreciation Right is exercised over (ii) the base price of the shares covered by the Nontandem Stock Appreciation right, multiplied by (B) the number of shares of Common Stock covered by the Nontandem Stock Appreciation Right, or the portion thereof being exercised. Cash shall be delivered in lieu of any fractional shares.

7.7 Settlement of Stock Appreciation Rights. As soon as is reasonably practicable after the exercise of a Stock Appreciation Right, the Corporation shall (i) issue, in the name of the associate, stock certificates representing the total number of full shares of Common Stock to which the associate is entitled pursuant to Section 7.5 or 7.6 hereof and cash in an amount equal to the fair market value, as of the date of exercise, of any resulting fractional shares, and (ii) if the Committee causes the Corporation to elect to settle all or part of its obligations arising out of the exercise of the Stock Appreciation Right in cash pursuant to Section 7.8, deliver to the associate an amount in cash equal to the fair market value, as of the date of exercise, of the shares of Common Stock it would otherwise be obligated to deliver.

7.8 Cash Settlement. The Committee, in its discretion, may cause the Corporation to settle all or any part of its obligation arising out of the exercise of a Stock Appreciation Right by the payment of cash in lieu of all or part of the shares of Common Stock it would otherwise be obligated to deliver under the terms of grant in an amount equal to the fair market value of such shares on the date of exercise.

#### ARTICLE 8.

##### NONTRANSFERABILITY OF OPTIONS AND STOCK APPRECIATION RIGHTS

No Option or Stock Appreciation Right may be transferred, assigned, pledged or hypothecated (whether by operation of law or otherwise), except as provided by will or the applicable laws of descent and distribution, and no Option or Stock Appreciation Right shall be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other

disposition of an Option or a Stock Appreciation Right not specifically permitted herein shall be null and void and without effect. An Option or Stock Appreciation Right may be exercised only by an associate or his or her guardian or legal representative during his or her lifetime, or following his or her death pursuant to Article 10.

#### ARTICLE 9.

##### TERMINATION OF EMPLOYMENT

9.1 Exercise after Termination of Employment. In the event that the employment of an associate to whom an Option or Stock Appreciation Right has been granted under the Plan shall be terminated (for reasons other than death or total disability), such Option or Stock Appreciation Right may be exercised (to the extent that the associate was entitled to do so at the termination of his employment) at any time within three (3) months after such termination of employment.

9.2 Total Disability. In the event that an associate to whom an Option or Stock Appreciation Right has been granted under the Plan shall become totally disabled, such Option or Stock Appreciation Right may be exercised at any time during the first nine (9) months after the associate first receives benefits under the Corporation's Long-Term Disability Plan (the "Disability Plan"). For purposes hereof, "total disability" shall have the definition set forth in the Disability Plan, which definition is hereby incorporated by reference.

9.3 Disability of or Cessation of Service by a Consultant. A consultant shall be entitled to exercise Options or Stock Appreciation Rights only during such time as he or she remains as an active consultant to the Corporation or a subsidiary thereof and for a period of three (3) months thereafter; provided, however, that a consultant shall be entitled to exercise awards for a period of nine (9) months following the total disability of such consultant.

#### ARTICLE 10.

##### DEATH OF ASSOCIATE

If an associate to whom an Option or Stock Appreciation Right has been granted under the Plan shall die while employed by, or while in the active service of, the Corporation or one of its subsidiaries or within three (3) months after the termination of such employment or cessation of service, such Option or Stock Appreciation Right may be exercised to the extent that the associate was entitled to do so at the time of his or her death, by the associate's estate or by the person who acquires the right to exercise such Option or Stock Appreciation Right upon his or her death by bequest or inheritance. Such exercise may occur at any time within one (1) year after the date of the associate's death, but in no case later than the date on which the Option or Stock Appreciation Right terminates.

## ARTICLE 11.

## ADJUSTMENT UPON CHANGES IN CAPITALIZATION

Notwithstanding any other provision of the Plan, the Committee may at any time make or provide for such adjustments to the Plan, to the number and class of shares available thereunder or to any outstanding Options or Stock Appreciation Rights as it shall deem appropriate to prevent dilution or enlargement of rights, including adjustments in the event of changes in the number of shares of outstanding Common Stock by reason of stock dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchange of shares, separations, reorganizations, liquidations and the like.

## ARTICLE 12.

## AMENDMENT AND TERMINATION

The Board may suspend, terminate, modify or amend the Plan, provided that any amendment that would (i) materially increase the aggregate number of shares which may be issued under the Plan; (ii) materially increase the benefits accruing to associates under the Plan; or (iii) materially modify the requirements as to eligibility for participation in the Plan, shall be subject to the approval of the Corporation's stockholders, except that any such increase or modification that may result from adjustments authorized by Article 11 does not require such approval. If the Plan is terminated, the terms of the Plan shall, notwithstanding such termination, continue to apply to awards granted prior to such termination. No suspension, termination, modification or amendment of the Plan may, without the consent of the associate to whom an award shall theretofore have been granted, adversely affect the rights of such associate under such award, nor otherwise cause Rule 16b-3 under the 1934 Act, or the equivalent thereof from time to time in effect, to become inapplicable.

## ARTICLE 13.

## WRITTEN AGREEMENT

Each award of Options or Stock Appreciation Rights shall be evidenced by a written agreement, executed by the associate and the Corporation, containing such restrictions, terms and conditions, if any, as the Committee may require. In the event of any conflict between a written agreement and the Plan, the terms of the Plan shall govern.

## ARTICLE 14.

## MISCELLANEOUS PROVISIONS

14.1 Fair Market Value. "Fair market value" of a share of Common Stock for purposes of this Plan shall be the simple average of the high and low prices at which the Common Stock traded



on the date of grant, exercise or other transaction as quoted on the NASDAQ-NMS or other principal exchange on which the Common Shares are listed on that date, and if there were no sales on such date, the most recent prior date on which there were sales.

14.2 Tax Withholding. The Corporation shall have the right to require associates or their beneficiaries or legal representatives to remit to the Corporation an amount sufficient to satisfy Federal, state and local withholding tax requirements, or to deduct from all payments under this Plan amounts sufficient to satisfy all withholding tax requirements. Whenever payments under the Plan are to be made to an associate in cash, such payments shall be net of any amounts sufficient to satisfy all Federal, state and local withholding tax requirements. The Committee may, in its discretion, permit an associate to satisfy his or her tax withholding obligation either by (i) surrendering shares of Common Stock owned by the associate or (ii) having the Corporation withhold from shares of Common Stock otherwise deliverable to the associate. Shares surrendered or withheld shall be valued at their fair market value as of the date on which income is required to be recognized for income tax purposes. In the case of an award of Incentive Stock Options, the foregoing right shall be deemed to be provided to the associate at the time of such award.

14.3 Compliance with Section 16(b). In the case of associates who are or may be subject to Section 16 of the 1934 Act, it is the intent of the Corporation that the Plan and any award granted hereunder satisfy and be interpreted in a manner that satisfies the applicable requirements of Rule 16b-3, so that such persons will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 of the 1934 Act and will not be subjected to liability thereunder. If any provision of the Plan or any award would otherwise conflict with the intent expressed herein, that provision, to the extent possible, shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, such provision shall be deemed void as applicable to associates who are or may be subject to Section 16 of the 1934 Act.

14.4 Compliance with Securities Act of 1933. Each Option or Stock Appreciation Right granted under the Plan shall be subject to the further condition that if, at any time, in the opinion of counsel for the Corporation, the registration, listing or qualification of the shares covered by such Option or Stock Appreciation Right under the Securities Act of 1933, as amended (the "1933 Act"), upon any securities exchange or under any state law, or the consent or approval of any governmental regulatory body or the updating, amendment or revision of any registration statement, listing application, or similar document, is required as a condition of, or in connection with, the purchase of shares under such Option or the exercise of rights under such Stock Appreciation Right, no such Option or Stock Appreciation Right may be exercised unless and until such registration, listing, qualification, consent, approval, updating, amendment or revision shall have been effected or obtained free of any conditions not acceptable to the Committee; provided, however, that subject to Sections 9 and 10 hereof, if the right to exercise any Option or Stock Appreciation Right is suspended for any of the foregoing reasons, the termination date for exercising such Option or Stock Appreciation Right is extended for the length of time of the suspension or thirty (30) days after the date on which the associate holding such Option or Stock Appreciation Right is notified that such suspension of the right to exercise such Option or Stock Appreciation Right has ended. The Board or the Committee may, as a condition to the exercise by an associate of an Option, require that the associate agree in writing that he or she will not dispose of the shares of Common Stock to be acquired upon such exercise in a transaction which, in the opinion of counsel for the Corporation, would violate the 1933

Act and the rules and regulations promulgated thereunder. The Board or the Committee shall have the authority to require additional agreements or impose additional conditions which it reasonably believes are necessary to assure compliance with Federal and state securities and other laws.

14.5 Successors. The obligations of the Corporation under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Corporation, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Corporation. In the event of any of the foregoing, the Committee may, at its discretion, prior to the consummation of the transaction, cancel, offer to purchase, exchange, adjust or modify any outstanding awards, at such time and in such manner as the Committee deems appropriate and in accordance with applicable law.

14.6 General Creditor Status. Associates shall have no right, title or interest whatsoever in or to any investments which the Corporation may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, 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 Corporation and any associate or beneficiary or legal representatives of such associate. To the extent that any person acquires a right to receive payments from the Corporation under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Corporation. All payments to be made hereunder shall be paid from the general funds of the Corporation and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

14.7 Rights as a Stockholder. No associate shall have any right as a stockholder with respect to any shares subject to an Option or Stock Appreciation Right until the date of the issuance of a stock certificate to him or her for such shares of Common Stock. No adjustment shall be made for dividends (whether ordinary or extraordinary, or whether in cash, securities or other property) or distributions of other rights for which the record date is prior to the date such stock certificates are issued, except as otherwise provided herein.

14.8 No Right to Employment. Nothing in the Plan or in any written agreement entered into pursuant to Article 13, nor the grant of any award, shall confer upon any associate any right to continue in the employ of the Corporation or a subsidiary or to be entitled to any remuneration or benefits not set forth in the Plan or such written agreement or interfere with or limit the right of the Corporation or a subsidiary to modify the terms of or terminate such associate's employment at any time.

14.9 Other Plans. Effective upon the adoption of the Plan by the Corporation's stockholders, no further awards shall be made under the Prior Plan. Thereafter, all awards made under the Prior Plan prior to adoption of this Plan by the stockholders shall continue in accordance with the terms of the Prior Plan.

14.10 Application of Funds. The proceeds received by the Corporation from the sale of Common Stock pursuant to Options granted under the Plan shall be used for general corporate purposes.

14.11 Notices. Notices required or permitted to be made under the Plan shall be sufficiently made if sent by registered or certified mail, return receipt requested, addressed (a) to the associate at the associate's address as set forth in the books and records of the Corporation or its subsidiaries, or (b) to the Corporation or the Committee at the principal office of the Corporation.

14.12 Severability. In the event that any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.v

14.13 Governing Law. To the extent not preempted by Federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware.

MASLAND HOLDINGS, INC.  
1991 STOCK PURCHASE AND OPTION PLAN

1. PURPOSE OF PLAN. This 1991 Stock Purchase and Option Plan (the "Plan") of Masland Holdings, Inc. (the "Company") is designed to provide incentives to such present and future employees, directors, consultants or advisers of the Company or its subsidiaries ("Participants"), as may be selected in the sole discretion of the Company's board of directors, through the grant of Options by the Company to Participants or through the sale of Common Stock to Participants.

2. DEFINITIONS. Certain terms used in this Plan have the meanings set forth below:

"Board" means the Company's board of directors.

"Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.

"Class P Common" means the company's Class P Common Stock, par value \$.01 per share.

"Common" means the Company's Common Stock, par value \$.01 per share.

"Common Stock" means the Class P Common and the Common.

"Fair market value" of a share of Common Stock means (a) the mean between the highest and lowest reported sale prices of a share of Common Stock on the New York Stock Exchange -- Composite Transactions Table (or, if not so reported, on any domestic stock exchanges on which the Common Stock is then listed); or (b) if the Common Stock is not listed on any domestic stock exchange, the mean between the closing high bid and low asked prices of a share of Common Stock as reported by the National Association of Securities Dealers Automated Quotation System (or, if not so reported, by the system then regarded as the most reliable source of such quotations); or (c) if the Common Stock is listed on a domestic stock exchange or quoted in the domestic over-the-counter market, but there are not reported sales or quotations, as the case may be, on the given date, the value determined pursuant to (a) or (b) above using the reported sale prices or quotations on the last previous date on which so reported; or (d) if none of the foregoing clauses apply, the fair value of a share of Common Stock as determined in good faith by the Board.

"Option" means any option enabling the holder thereof to purchase any class of Common Stock from the Company granted by the Board pursuant to the provisions of this Plan. Options to be granted under this Plan may be incentive stock options within the meaning of Section 422 of the Code ("Incentive Stock Options") or in such other form, consistent with this Plan, as the Board may determine.

"Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time the option is granted, each of the corporations other than the last corporation in the chain owns stock possessing 50 percent or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

3. GRANT OF OPTIONS. The Board shall have the right and power to grant to any Participant Options at any time prior to the termination of this Plan in such quantity, at such price, on such terms and subject to such conditions that are consistent with this Plan and established by the Board. Options granted under this Plan shall be subject to such terms and conditions and evidenced by agreements as shall be determined from time to time by the Board.

4. SALE OF COMMON STOCK. The Board shall have the power and authority to sell to any Participant any class or classes of Common Stock at any time prior to the termination of this Plan in such quantity, at such price, on such terms and subject to such conditions that are consistent with this Plan and established by the Board. Common Stock sold under this Plan shall be subject to such terms and evidenced by agreements as shall be determined from time to time by the Board.

5. ADMINISTRATION OF THE PLAN. The Board shall have the power and authority to prescribe, amend and rescind rules and procedures governing the administration of this Plan, including, but not limited to the full power and authority (i) to interpret the terms of this Plan, the terms of any Options granted under this Plan, and the rules and procedures established by the Board governing any such Options and (ii) to determine the rights of any person under this Plan, or the meaning of requirements imposed by the terms of this Plan or any rule or procedure established by the Board. Each action of the Board which shall be binding on all persons.

6. LIMITATION ON THE AGGREGATE NUMBER OF SHARES. The number of shares of Common Stock with respect to which Options may be granted under this Plan (and which may be issued upon the exercise or payment thereof) shall not exceed, in the aggregate, 100,000 shares of Class P Common and 1,500,000 shares of Common (as

such numbers are equitably adjusted pursuant to paragraph 10 hereof). If any Options expire unexercised or unpaid or are canceled, terminated or forfeited in any manner without the issuance of Common Stock or payment thereunder, the shares with respect to which such Options were granted shall again be available under this Plan. Similarly, if any shares of Common Stock issued hereunder upon exercise of Options are repurchased hereunder, such shares shall again be available under this Plan for reissuance as Options. Shares of Common Stock to be issued upon exercise of the Options or shares of Common Stock to be sold directly hereunder may be either authorized and unissued shares, treasury shares, or a combination thereof, as the Board shall determine.

7. INCENTIVE STOCK OPTIONS. All Incentive Stock Options (i) shall have an exercise price per share of Common Stock of not less than 100% of the fair market value of such share on the date of grant, (ii) shall not be exercisable more than ten years after the date of grant, (iii) shall not be transferable other than by will or under the laws of descent and distribution and, during the lifetime of the Participant to whom such Incentive Stock Options were granted, may be exercised only by such Participant (or his guardian or legal representative), and (iv) shall be exercisable only during the Participant's employment by the Company or a Subsidiary, provided, however, that the Board may, in its discretion, provide at the time that an Incentive Stock Option is granted that such Incentive Stock Option may be exercised for a period ending upon either (x) the termination of this Plan in the event of the Participant's death while an employee of the Company or a Subsidiary, or (y) the date which is three months after termination of the Participant's employment for any other reason. The Board's discretion to extend the period during which an Incentive Stock Option is exercisable shall only apply to the extent that (i) the Participant was entitled to exercise such option on the date of termination, and (ii) such option would not have expired had the Participant continued to be employed by the Company or a Subsidiary.

8. LISTING, REGISTRATION AND COMPLIANCE WITH LAWS AND REGULATIONS. Each Option shall be subject to the requirement that if at any time the Board shall determine, in its discretion, that the listing, registration or qualification of the shares subject to the Option upon any securities exchange or under any state or federal securities or other law or regulation, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to or in connection with the granting of such Option or the issue or purchase of shares thereunder, no such Option may be exercised or paid in Common Stock in whole or in part unless such listing, registration, qualification, consent or approval (a "Required Listing") shall have been effected or obtained, and the holder of the Option will supply the Company with

such certificates, representations and information as the Company shall request which are reasonably necessary or desirable in order for the Company to obtain such Required Listing, and shall otherwise cooperate with the Company in obtaining such Required Listing. In the case of officers and other persons subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, the Board may at any time impose any limitations upon the exercise of an Option which, in the Board's discretion, are necessary or desirable in order to comply with Section 16(b) and the rules and regulations thereunder. If the Company, as part of an offering of securities or otherwise, finds it desirable because of federal or state regulatory requirements to reduce the period during which any Options may be exercised, the Board may, in its discretion and without the consent of the holders of any such Options, so reduce such period on not less than 15 days' written notice to the holders thereof.

9. CASH PAYMENTS UPON EXERCISE. Options which are not Incentive Stock Options may, in the Board's discretion, provide that the holder thereof, as soon as practicable after the exercise of the Options will receive, in lieu of any issuance of Common Stock, a cash payment in such amount as the Board may determine, but not more than the excess of the fair market value of a share of Common Stock (on the date the holder recognizes taxable income) over the Option's exercise price multiplied by the number of shares as to which the Option is exercised.

10. ADJUSTMENT FOR CHANGE IN COMMON STOCK. In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation or other change in the Common Stock, the Board shall make appropriate changes in the number and type of shares authorized by this Plan, the number and type of shares covered by outstanding Options and the prices specified therein.

11. TAXES. The Company shall be entitled, if necessary or desirable, to withhold (or secure payment from the Plan participant in lieu of withholding) the amount of any withholding or other tax due from the Company with respect to any amount payable and/or shares issuable under this Plan, and the Company may defer such payment or issuance unless indemnified to its satisfaction.

12. TERMINATION AND AMENDMENT. The Board at any time may suspend or terminate this Plan and make such additions or amendments as it deems advisable under this Plan, except that they may not, without further approval by the Company's stockholders, (a) increase the maximum number of shares as to which Options may be granted under this Plan, except pursuant to paragraph 10 above or (b) extend the term of this Plan; provided that, subject to

paragraph 8 hereof, the Board may not change any of the terms of a written agreement with respect to an Option between the Company and the holder of such Option without the approval of the holder of such Option. No Options shall be granted or shares of Common Stock issued hereunder after August 2, 2001.

\* \* \* \* \*



FORM OF  
OPTION ASSUMPTION AGREEMENT

THIS OPTION ASSUMPTION AGREEMENT (this "Agreement") is made as of \_\_\_\_\_, 1996 by and between Lear Corporation ("Lear") and the optionee (the "Optionee") whose name is set forth on the signature page hereto.

WHEREAS, Lear, Masland Corporation ("Masland") and PA Acquisition ("PA") have entered into an Agreement and Plan of Merger (the "Merger Agreement") dated May 23, 1996 whereby, among other things, Lear and PA have offered to purchase all of the outstanding shares of Masland's Common Stock, par value \$.01 per share (the "Masland Shares") at a price of \$26.00 per share (as such price may be increased pursuant to the Merger Agreement (the "Offer Price")); and

WHEREAS, in connection with the transactions contemplated under the Merger Agreement, Lear has agreed to assume Masland's obligations under the Masland Holdings, Inc. 1991 Stock Purchase and Option Plan (the "1991 Plan") and the Masland Corporation 1993 Stock Option Incentive Plan (the "1993 Plan") (collectively, the "Stock Option Plans") upon consummation of the merger of PA into Masland in accordance with the terms of the Merger Agreement (the "Merger"); and

WHEREAS, in connection with Lear's assumption of Masland's obligations under the 1991 Plan, Lear has agreed, if the Optionee so desires with respect to his options under that plan, to assume upon consummation of the Merger, Masland's obligations under each stock option agreement entered into between Masland and the Optionee under the 1991 Plan, it being understood that each grant by Masland to the Optionee of the right to purchase Masland Shares has been evidenced by a stock option agreement between Masland and the Optionee (an "1991 Option Agreement"); and

WHEREAS, the Optionee desires to convert the right to purchase the number of Masland Shares set forth on the signature page hereto under the caption "Number of Shares Converted" into the right to purchase shares of Lear's Common Stock, \$.01 par value per share ("Lear Shares") as set forth in this Agreement; and

WHEREAS, in connection with Lear's assumption of Masland's obligations under the 1993 Plan, Lear has agreed to assume, upon consummation of the Merger, Masland's obligations under each stock option agreement entered into between Masland and the Optionee under the 1993 Plan, it being understood that each grant by Masland to the Optionee of the right to purchase Masland Shares has been evidenced by a stock option agreement between Masland and the Optionee (a "1993 Option Agreement").

NOW, THEREFORE, the parties agree as follows:

1. **Consummation of Merger.** The obligations of Lear under this Agreement are conditioned upon the consummation of the Merger. Upon the consummation of the Merger, this Agreement shall entitle the Optionee to purchase Lear Shares, subject to the terms and conditions of this Agreement, the Stock Option Plans, the 1991 Option Agreements and the 1993 Option Agreements. In the event that the Merger is not consummated, neither Lear nor the Optionee shall have any rights, obligations or remedies under this Agreement.

2. **Conversion.** Upon consummation of the Merger, each right of the Optionee to purchase that number of Masland Option Shares set forth on the signature page hereto under the caption "Number of Shares Converted" ("Converted Shares") and identified to an assumed Option Agreement by grant date shall respectively be converted into the right to purchase (a "Lear Option") that number of Lear Shares determined in accordance with Section 4 below at a price per Lear Share determined in accordance with Section 3 below. Upon the effectiveness of this Agreement, the Optionee shall have no right to receive those Converted Shares set forth on the signature page hereto under any Option Agreement, and shall, with respect to those Converted Shares set forth on the signature page hereto, have the right to receive only those number of Lear Shares determined in accordance with Section 4 below at a price per Lear Share determined in accordance with Section 3 below.

3. **Exercise Price of Lear Shares Under the Lear Options.** As determined separately with respect to each Lear Option, the exercise price of Lear Shares shall be the product of (i) the average closing price of Lear Shares as reported on the New York Stock Exchange for the period of the 20 consecutive business days ending on June 26, 1996 (the "Lear Market Price") multiplied by (ii) the quotient of (a) the greater of (x) the exercise price of the Masland Option Shares and (y) \$8.00 divided by (b) the Offer Price.

Notwithstanding the foregoing, the exercise price per Lear Share determined in accordance with this Section 3 shall be rounded to the nearest whole cent.

4. **Number of Lear Shares Issuable Under the Lear Option.** As determined separately with respect to each Lear Option, the number of Lear Shares an Optionee shall have the right to receive shall equal the quotient of (i) the product of (a) the number of Masland Option Shares multiplied by (b) the exercise price of the Masland Option Shares, divided by (ii) the difference of (x) the Lear Market Price minus (y) the Exercise Price determined in Section 3.

Notwithstanding the foregoing, the number of Lear Shares to be received by the Optionee in accordance with this Section 4 shall be rounded to the nearest whole Lear Share.

5. **Vesting and Exercise.** Each Lear Option received by the Optionee pursuant to this Agreement shall vest and become exercisable in accordance with the terms of the respective assumed Option Agreement. Notwithstanding the foregoing, in the case of an Optionee whose employment is terminated without cause within one year of the consummation of the Merger, the

Lear Options shall remain exercisable for the two year period following the Optionee's termination of employment.

6. Ratification. This Agreement is limited as specified herein. Except as expressly set forth in this Agreement, the Stock Option Plans, each 1991 Option Agreement and each 1993 Option Agreement is hereby ratified and confirmed in all respects.

7. General Provisions.

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

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

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

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Optionee, Lear and their respective successors and assigns; provided that the rights and obligations of the Optionee under this Agreement shall not be assignable without the prior written consent of Lear.

(e) Choice of Law. The corporate law of Delaware will govern all questions concerning the relative rights of Masland and the Optionee. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by and construed in accordance with the internal laws of Michigan, without giving effect to any choice of law or conflict of law provision or rule (whether of Michigan or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than Michigan.

(f) Remedies. Each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages and costs (including attorneys' fees) caused by any breach of any provision of this Agreement and to exercise all other rights existing in its favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its sole

discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or other security) for specific performance and/or other injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

(g) Amendment and Waiver. The provisions of this Agreement may be amended and/or waived only with the written consent of Lear.

(h) Headings. Section and subsection headings are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purposes or be given substantive effect.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Option Assumption Agreement on the date first written above.

LEAR CORPORATION

By: \_\_\_\_\_

Its: \_\_\_\_\_

OPTIONEE:

\_\_\_\_\_  
[Optionee]

The number of Masland Option Shares granted to the Optionee pursuant to 1991 Option Agreements and/or 1993 Option Agreements to be converted:

1991 Plan

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Grant Date	Exercise Price	Number of Shares Granted	Number of Shares Converted
-----	-----	-----	-----
_____	_____	[_____]	_____
_____	_____	[_____]	_____
_____	_____	[_____]	_____
_____	_____	[_____]	_____
_____	_____	[_____]	_____

1993 Plan

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Grant Date	Exercise Price	Number of Shares Granted	Number of Shares Converted
-----	-----	-----	-----
_____	_____	[_____]	_____
_____	_____	[_____]	_____
_____	_____	[_____]	_____
_____	_____	[_____]	_____
_____	_____	[_____]	_____

FORM OF  
OPTION CANCELLATION AGREEMENT

THIS OPTION CANCELLATION AGREEMENT (this "Agreement") is made as of \_\_\_\_\_, 1996 by and between Masland Corporation ("Masland") and the optionee (the "Optionee") whose name is set forth on the signature page hereto.

WHEREAS, pursuant to the Agreement and Plan of Merger (the "Merger Agreement") dated May 23, 1996 by and among Masland, Lear Corporation ("Lear"), and PA Acquisition Corp. ("PA"), Lear and PA have agreed to purchase all of the shares of Masland's Common Stock, par value \$.01 per share (the "Shares") at a price of \$26.00 per share in cash (as such price may be increased pursuant to the Merger Agreement (the "Offer Price")); and

WHEREAS, in connection with the transactions contemplated under the Merger Agreement, the Optionee desires to cancel the Optionee's rights under options ("Options") granted pursuant to the Masland Holdings, Inc. 1991 Stock Purchase and Option Plan (the "1991 Plan") to purchase the number of Shares set forth on the signature page hereto under the caption "Number of Option Shares to be Cancelled" (the "Cancelled Option Shares"); and

WHEREAS, in connection with such cancellations, Masland shall pay to the Optionee an amount equal to the number of Cancelled Option Shares under each Option multiplied by the excess of (a) the Offer Price over (b) the exercise price under the Option (the "Cancellation Payment").

NOW, THEREFORE, the parties agree as follows:

1. Cancellation. The Optionee hereby agrees to cancel and surrender all of the Optionee's rights under each Option solely to the extent of the Cancelled Option Shares effective on the date of the consummation of the Merger, and Masland hereby agrees to pay to the Optionee on the date of the consummation of the Merger, or as soon as practicable thereafter, the Cancellation Payment. Notwithstanding the foregoing, Masland shall be entitled to withhold from the Optionee's Cancellation Payment the amount of any withholding or other tax due in connection with such cancellation. In the event that the Merger is not consummated, neither Masland nor the Optionee shall have any rights, obligations or remedies under this Agreement.

2. Optionee's Representation and Warranties. As a material inducement to Masland to enter into this Agreement and make the Cancellation Payment, the Optionee hereby represents and warrants to the Company that: (a) other than pursuant to Options and options granted under the Masland Corporation 1993 Stock Option Incentive Plan, the

Optionee has no right, title or interest in any stock or securities convertible or exchangeable for any shares of Masland's capital stock and the Optionee does not have any right, title or interest in any rights or options to subscribe for or to purchase Masland's capital stock or any stock or securities convertible into or exchangeable for Masland's capital stock; (b) to the best of the knowledge of the Optionee, all of the Options are duly authorized and validly issued; and (c) the Optionee has good, marketable and unencumbered title to the Options, free and clear of all pledges, security interests, liens, claims, encumbrances, agreements, rights of first refusal, and options of any kind whatsoever.

(b) Authorization; No Breach. This Agreement has been duly executed and delivered by the Optionee. This Agreement constitutes a valid and binding obligation of the Optionee, enforceable in accordance with its terms. The execution and delivery by the Optionee of this Agreement and compliance with the terms hereof by the Optionee, do not and shall not (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under, (iii) result in a violation of, or (iv) require any authorization, consent, approval, exemption or other action by or notice to any court or administrative or governmental body pursuant to, any law, statute, rule or regulation to which the Optionee is subject, or any agreement, instrument, order, judgment or decree to which the Optionee is a party or by which it is bound.

3. Indemnification. The Optionee shall indemnify, defend and hold harmless from and against any and all claims, losses, liabilities, costs, expenses, obligations and damages incurred or paid by Masland that would not have been sustained, incurred or paid if all of the representations and warranties set forth in Section 2 hereof had been true and correct.

4. Release. Each of Masland and the Optionee does hereby forever release, discharge and acquit the other party from all claims, demands, obligations and liabilities, whensoever arising out of, connected with or relating to the Cancelled Option Shares and the cancellation thereof (except pursuant to Section 3 hereof).

5. General Provisions.

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

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

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

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Optionee, Masland and their respective successors and assigns; provided that the rights and obligations of the Optionee under this Agreement shall not be assignable without the prior written consent of Masland.

(e) Choice of Law. The corporate law of Delaware will govern all questions concerning the relative rights of Masland and the Optionee. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by and construed in accordance with the internal laws of Michigan, without giving effect to any choice of law or conflict of law provision or rule (whether of Michigan or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than Michigan.

(f) Remedies. Each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages and costs (including attorneys' fees) caused by any breach of any provision of this Agreement and to exercise all other rights existing in its favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or other security) for specific performance and/or other injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

(g) Amendment and Waiver. The provisions of this Agreement may be amended and/or waived only with the written consent of Masland.

(h) Headings. Section and subsection headings are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purposes or be given substantive effect.

[signature page follows]



IN WITNESS WHEREOF, the parties hereto have executed this Option Cancellation Agreement on the date first written above.

MASLAND CORPORATION

By: \_\_\_\_\_

Its: \_\_\_\_\_

OPTIONEE:

\_\_\_\_\_  
[Optionee]

With respect to options granted under the 1991 Plan and held by the Optionee, the grant date, exercise price and number of Shares subject to the option, and the number of Shares elected to be cancelled:

Grant Date -----	Exercise Price -----	Number of Option Shares Granted -----	Number of Option Shares to be Cancelled -----
_____	_____	[_____]	_____
_____	_____	[_____]	_____
_____	_____	[_____]	_____

[Letterhead of Winston & Strawn]

June 18, 1996

Lear Corporation  
21557 Telegraph Road  
Southfield, MI 48034

Re: Registration Statement on Form S-8 of Lear  
Corporation (the "Registration Statement")

Ladies and Gentlemen:

We have acted as special counsel for Lear Corporation, a Delaware corporation (the "Company"), in connection with the registration on Form S-8 of up to 1,442,764 shares (the "Shares") of the Company's Common Stock, par value \$.01 per share ("Common Stock"), issuable upon exercise of certain stock options that may be assumed pursuant to the Masland Corporation 1993 Stock Option Incentive Plan and the Masland Holdings, Inc. 1991 Stock Purchase and Option Plan (collectively, the "Masland Stock Option Plans") after the Masland Stock Option Plans are assumed by the Company.

This opinion is delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K.

In connection with this opinion, we have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement, as filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"); (ii) the Restated Certificate of Incorporation of the Company, as currently in effect; (iii) the Amended and Restated By-Laws of the Company, as currently in effect; and (iv) resolutions of the Board of Directors of the Company relating to, among other things, the issuance of the Common Stock and the filing of the Registration Statement. We have also examined such other documents as we have deemed necessary or appropriate as a basis for the opinion set forth below.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as certified or photostatic copies, and the

Lear Corporation  
June 17, 1996  
Page 2

authenticity of the originals of such latter documents. We have also assumed that the Company's Board of Directors, or a duly authorized committee thereof, will have approved the assumption or issuance of each option to receive Common Stock prior to the assumption or issuance thereof. As to any facts material to this opinion which we did not independently establish or verify, we have relied upon oral or written statements and representations of officers and other representatives of the Company and others.

Based upon and subject to the foregoing, we are of the opinion that all Shares issued pursuant to the Masland Stock Option Plans will be, upon payment of the specified exercise price therefor, legally issued, fully paid and nonassessable shares of Common Stock of the Company.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. In giving such consent, we do not concede that we are experts within the meaning of the Act or the rules and regulations thereunder or that this consent is required by Section 7 of the Act.

Very truly yours,

/s/ WINSTON & STRAWN

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated February 6, 1996 included in Lear Corporation's (formerly known as Lear Seating Corporation) Form 10-K for the year ended December 31, 1995, and to all references to our firm included in this registration statement.

/s/ Arthur Andersen LLP

Detroit, Michigan  
June 11, 1996