UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 1, 2022.

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

For the transition period from __________ to __________.

Commission file number: 001-11311

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**13-3386776**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

21557 Telegraph Road, Southfield, MI 48033
(Address of principal executive offices)

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01	**LEA**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

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

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

Large accelerated filer	x	Accelerated filer ☐
Non-accelerated filer	☐	Smaller reporting company ☐
		Emerging growth company ☐

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

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

As of October 28, 2022, the number of shares outstanding of the registrant's common stock was 59,105,674 shares.

LEAR CORPORATION

FORM 10-Q
FOR THE QUARTER ENDED OCTOBER 1, 2022

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LEAR CORPORATION AND SUBSIDIARIES

PART I — FINANCIAL INFORMATION

ITEM 1 — CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

We have prepared the unaudited condensed consolidated financial statements of Lear Corporation and subsidiaries pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted pursuant to such rules and regulations. We believe that the disclosures are adequate to make the information presented not misleading when read in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, for the year ended December 31, 2021.

The financial information presented reflects all adjustments (consisting of normal recurring adjustments) which are, in our opinion, necessary for a fair presentation of the results of operations, cash flows and financial position for the interim periods presented. These results are not necessarily indicative of a full year's results of operations.

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	October 1, 2022[1]	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 842.2	$ 1,318.3
Accounts receivable	3,570.3	3,041.5
Inventories	1,594.1	1,571.9
Other	918.1	833.5
Total current assets	6,924.7	6,765.2
LONG-TERM ASSETS:		
Property, plant and equipment, net	2,704.9	2,720.1
Goodwill	1,604.8	1,657.9
Other	2,144.8	2,209.2
Total long-term assets	6,454.5	6,587.2
Total assets	$ 13,379.2	$ 13,352.4
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 3.9	$ —
Accounts payable and drafts	3,278.0	2,952.4
Accrued liabilities	1,906.7	1,806.7
Current portion of long-term debt	1.2	0.8
Total current liabilities	5,189.8	4,759.9
LONG-TERM LIABILITIES:		
Long-term debt	2,600.5	2,595.2
Other	1,161.0	1,188.9
Total long-term liabilities	3,761.5	3,784.1
EQUITY:		
Preferred stock, 100,000,000 shares authorized (including 10,896,250 Series A convertible preferred stock authorized); no shares outstanding	—	—
Common stock, $0.01 par value, 300,000,000 shares authorized; 64,571,405 shares issued as of October 1, 2022 and December 31, 2021	0.6	0.6
Additional paid-in capital	1,014.8	1,019.4
Common stock held in treasury, 5,322,397 and 4,945,847 shares as of October 1, 2022 and December 31, 2021, respectively, at cost	(732.1)	(679.2)
Retained earnings	5,143.0	5,072.8
Accumulated other comprehensive loss	(1,123.0)	(770.2)
Lear Corporation stockholders' equity	4,303.3	4,643.4
Noncontrolling interests	124.6	165.0
Equity	4,427.9	4,808.4
Total liabilities and equity	$ 13,379.2	$ 13,352.4

(1) Unaudited

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

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; in millions, except share and per share data)

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net sales	$ 5,241.2	$ 4,268.2	$ 15,520.6	$ 14,383.3
Cost of sales	4,864.3	4,041.5	14,482.3	13,262.4
Selling, general and administrative expenses	163.9	163.3	512.4	503.0
Amortization of intangible assets	15.2	15.8	55.5	57.4
Interest expense	24.8	22.6	74.6	67.2
Other (income) expense, net	18.1	11.1	59.8	(28.7)
Consolidated income before provision for income taxes and equity in net (income) loss of affiliates	154.9	13.9	336.0	522.0
Provision for income taxes	41.7	20.9	85.6	119.1
Equity in net (income) loss of affiliates	(6.0)	1.7	(21.0)	(9.1)
Consolidated net income (loss)	119.2	(8.7)	271.4	412.0
Less: Net income attributable to noncontrolling interests	26.9	17.8	61.2	59.6
Net income (loss) attributable to Lear	**$ 92.3**	**$ (26.5)**	**$ 210.2**	**$ 352.4**
Basic net income (loss) per share attributable to Lear (Note 15)	**$ 1.55**	**$ (0.44)**	**$ 3.52**	**$ 5.86**
Diluted net income (loss) per share attributable to Lear (Note 15)	**$ 1.54**	**$ (0.44)**	**$ 3.50**	**$ 5.83**
Cash dividends declared per share	**$ 0.77**	**$ 0.50**	**$ 2.31**	**$ 1.00**
Average common shares outstanding	**59,551,765**	**59,906,531**	**59,794,788**	**60,171,402**
Average diluted shares outstanding	**59,785,860**	**59,906,531**	**60,031,484**	**60,463,401**
Consolidated comprehensive income (loss) (Condensed Consolidated Statements of Equity)	$ (57.2)	$ (83.0)	$ (96.0)	$ 315.8
Less: Comprehensive income attributable to noncontrolling interests	19.3	18.3	46.6	60.9
Comprehensive income (loss) attributable to Lear	$ (76.5)	$ (101.3)	$ (142.6)	$ 254.9

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

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited; in millions, except share and per share data)

	Three Months Ended October 1, 2022					
	Common Stock	Additional Paid-In Capital	Common Stock Held in Treasury	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Lear Corporation Stockholders' Equity
Balance at July 2, 2022	$ 0.6	$ 1,008.0	$ (710.9)	$ 5,097.1	$ (954.2)	$ 4,440.6
Comprehensive income (loss):						
Net income	—	—	—	92.3	—	92.3
Other comprehensive loss	—	—	—	—	(168.8)	(168.8)
Total comprehensive income (loss)	—	—	—	92.3	(168.8)	(76.5)
Stock-based compensation	—	12.8	—	—	—	12.8
Net issuance of 27,990 shares held in treasury in settlement of stock-based compensation	—	(6.0)	3.8	—	—	(2.2)
Repurchase of 187,192 shares of common stock at average price of $133.65 per share	—	—	(25.0)	—	—	(25.0)
Dividends declared to Lear Corporation stockholders	—	—	—	(46.4)	—	(46.4)
Dividends declared to noncontrolling interest holders	—	—	—	—	—	—
Balance at October 1, 2022	$ 0.6	$ 1,014.8	$ (732.1)	$ 5,143.0	$ (1,123.0)	$ 4,303.3

	Nine Months Ended October 1, 2022					
	Common Stock	Additional Paid-In Capital	Common Stock Held in Treasury	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Lear Corporation Stockholders' Equity
Balance at January 1, 2022	$ 0.6	$ 1,019.4	$ (679.2)	$ 5,072.8	$ (770.2)	$ 4,643.4
Comprehensive income (loss):						
Net income	—	—	—	210.2	—	210.2
Other comprehensive loss	—	—	—	—	(352.8)	(352.8)
Total comprehensive income (loss)	—	—	—	210.2	(352.8)	(142.6)
Stock-based compensation	—	38.1	—	—	—	38.1
Net issuance of 190,862 shares held in treasury in settlement of stock-based compensation	—	(42.7)	22.3	(0.2)	—	(20.6)
Repurchase of 567,412 shares of common stock at average price of $132.49 per share	—	—	(75.2)	—	—	(75.2)
Dividends declared to Lear Corporation stockholders	—	—	—	(139.8)	—	(139.8)
Dividends declared to noncontrolling interest holders	—	—	—	—	—	—
Change in noncontrolling interests	—	—	—	—	—	—
Balance at October 1, 2022	$ 0.6	$ 1,014.8	$ (732.1)	$ 5,143.0	$ (1,123.0)	$ 4,303.3

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

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited; in millions, except share and per share data)

	Three Months Ended October 1, 2022		
	Lear Corporation Stockholders' Equity	Non-controlling Interests	Equity
Balance at July 2, 2022	$ 4,440.6	$ 107.3	$ 4,547.9
Comprehensive income (loss):			
Net income	92.3	26.9	119.2
Other comprehensive loss	(168.8)	(7.6)	(176.4)
Total comprehensive income (loss)	(76.5)	19.3	(57.2)
Stock-based compensation	12.8	—	12.8
Net issuance of 27,990 shares held in treasury in settlement of stock-based compensation	(2.2)	—	(2.2)
Repurchase of 187,192 shares of common stock at average price of $133.65 per share	(25.0)	—	(25.0)
Dividends declared to Lear Corporation stockholders	(46.4)	—	(46.4)
Dividends declared to noncontrolling interest holders	—	(2.0)	(2.0)
Balance at October 1, 2022	$ 4,303.3	$ 124.6	$ 4,427.9

	Nine Months Ended October 1, 2022		
	Lear Corporation Stockholders' Equity	Non-controlling Interests	Equity
Balance at January 1, 2022	$ 4,643.4	$ 165.0	$ 4,808.4
Comprehensive income (loss):			
Net income	210.2	61.2	271.4
Other comprehensive loss	(352.8)	(14.6)	(367.4)
Total comprehensive income (loss)	(142.6)	46.6	(96.0)
Stock-based compensation	38.1	—	38.1
Net issuance of 190,862 shares held in treasury in settlement of stock-based compensation	(20.6)	—	(20.6)
Repurchase of 567,412 shares of common stock at average price of $132.49 per share	(75.2)	—	(75.2)
Dividends declared to Lear Corporation stockholders	(139.8)	—	(139.8)
Dividends declared to noncontrolling interest holders	—	(87.6)	(87.6)
Change in noncontrolling interests	—	0.6	0.6
Balance at October 1, 2022	$ 4,303.3	$ 124.6	$ 4,427.9

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

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited; in millions, except share and per share data)

	Three Months Ended October 2, 2021					
	Common Stock	Additional Paid-In Capital	Common Stock Held in Treasury	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Lear Corporation Stockholders' Equity
Balance at July 3, 2021	$ 0.6	$ 973.6	$ (618.6)	$ 5,155.1	$ (727.8)	$ 4,782.9
Comprehensive income (loss):						
Net income (loss)	—	—	—	(26.5)	—	(26.5)
Other comprehensive income (loss)	—	—	—	—	(74.8)	(74.8)
Total comprehensive income (loss)	—	—	—	(26.5)	(74.8)	(101.3)
Stock-based compensation	—	15.6	—	—	—	15.6
Net issuance of 55,882 shares held in treasury in settlement of stock-based compensation	—	(10.9)	7.1	—	—	(3.8)
Repurchase of 419,903 shares of common stock at average price of $164.56 per share	—	—	(69.1)	—	—	(69.1)
Dividends declared to Lear Corporation stockholders	—	—	—	(30.5)	—	(30.5)
Affiliate transaction	—	28.6	—	—	—	28.6
Balance at October 2, 2021	$ 0.6	$ 1,006.9	$ (680.6)	$ 5,098.1	$ (802.6)	$ 4,622.4

	Nine Months Ended October 2, 2021					
	Common Stock	Additional Paid-In Capital	Common Stock Held in Treasury	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Lear Corporation Stockholders' Equity
Balance at January 1, 2021	$ 0.6	$ 963.6	$ (598.6)	$ 4,806.8	$ (705.1)	$ 4,467.3
Comprehensive income (loss):						
Net income	—	—	—	352.4	—	352.4
Other comprehensive income (loss)	—	—	—	—	(97.5)	(97.5)
Total comprehensive income (loss)	—	—	—	352.4	(97.5)	254.9
Stock-based compensation	—	45.5	—	—	—	45.5
Net issuance of 151,741 shares held in treasury in settlement of stock-based compensation	—	(30.8)	18.3	—	—	(12.5)
Repurchase of 589,717 shares of common stock at average price of $170.03 per share	—	—	(100.3)	—	—	(100.3)
Dividends declared to Lear Corporation stockholders	—	—	—	(61.1)	—	(61.1)
Dividends declared to noncontrolling interest holders	—	—	—	—	—	—
Affiliate transaction	—	28.6	—	—	—	28.6
Balance at October 2, 2021	$ 0.6	$ 1,006.9	$ (680.6)	$ 5,098.1	$ (802.6)	$ 4,622.4

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

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited; in millions, except share and per share data)

	Three Months Ended October 2, 2021		
	Lear Corporation Stockholders' Equity	Non-controlling Interests	Equity
Balance at July 3, 2021	$ 4,782.9	$ 109.2	$ 4,892.1
Comprehensive income (loss):			
Net income (loss)	(26.5)	17.8	(8.7)
Other comprehensive income (loss)	(74.8)	0.5	(74.3)
Total comprehensive income (loss)	(101.3)	18.3	(83.0)
Stock-based compensation	15.6	—	15.6
Net issuance of 55,882 shares held in treasury in settlement of stock-based compensation	(3.8)	—	(3.8)
Repurchase of 419,903 shares of common stock at average price of $164.56 per share	(69.1)	—	(69.1)
Dividends declared to Lear Corporation stockholders	(30.5)	—	(30.5)
Affiliate transaction	28.6	7.6	36.2
Balance at October 2, 2021	$ 4,622.4	$ 135.1	$ 4,757.5

	Nine Months Ended October 2, 2021		
	Lear Corporation Stockholders' Equity	Non-controlling Interests	Equity
Balance at January 1, 2021	$ 4,467.3	$ 147.6	$ 4,614.9
Comprehensive income (loss):			
Net income	352.4	59.6	412.0
Other comprehensive income (loss)	(97.5)	1.3	(96.2)
Total comprehensive income (loss)	254.9	60.9	315.8
Stock-based compensation	45.5	—	45.5
Net issuance of 151,741 shares held in treasury in settlement of stock-based compensation	(12.5)	—	(12.5)
Repurchase of 589,717 shares of common stock at average price of $170.03 per share	(100.3)	—	(100.3)
Dividends declared to Lear Corporation stockholders	(61.1)	—	(61.1)
Dividends declared to noncontrolling interest holders	—	(81.0)	(81.0)
Affiliate transaction	28.6	7.6	36.2
Balance at October 2, 2021	$ 4,622.4	$ 135.1	$ 4,757.5

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

LEAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Cash Flows from Operating Activities:		
Consolidated net income	$ 271.4	$ 412.0
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	434.3	431.4
Net change in recoverable customer engineering, development and tooling	(84.1)	(78.2)
Net change in working capital items (see below)	(214.9)	(329.7)
Other, net	77.5	67.7
Net cash provided by operating activities	484.2	503.2
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(442.9)	(405.5)
Acquisition of Kongsberg ICS, net of cash acquired	(184.2)	—
Other, net	10.4	(72.3)
Net cash used in investing activities	(616.7)	(477.8)
Cash Flows from Financing Activities:		
Term loan repayments	—	(14.1)
Repurchase of common stock	(75.2)	(99.3)
Dividends paid to Lear Corporation stockholders	(139.4)	(60.7)
Dividends paid to noncontrolling interests	(84.6)	(81.1)
Other, net	(14.0)	23.2
Net cash used in financing activities	(313.2)	(232.0)
Effect of foreign currency translation	(31.3)	(5.8)
Net Change in Cash, Cash Equivalents and Restricted Cash	(477.0)	(212.4)
Cash, Cash Equivalents and Restricted Cash as of Beginning of Period	1,321.3	1,314.5
Cash, Cash Equivalents and Restricted Cash as of End of Period	$ 844.3	$ 1,102.1
Changes in Working Capital Items:		
Accounts receivable	$ (796.7)	$ 356.3
Inventories	(111.7)	(393.2)
Accounts payable	570.9	(225.1)
Accrued liabilities and other	122.6	(67.7)
Net change in working capital items	$ (214.9)	$ (329.7)
Supplementary Disclosure:		
Cash paid for interest	$ 64.8	$ 59.8
Cash paid for income taxes, net of refunds received	$ 156.6	$ 116.3

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

(1) Basis of Presentation

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

The accompanying condensed consolidated financial statements include the accounts of Lear, a Delaware corporation, and the wholly owned and less than wholly owned subsidiaries controlled by Lear. In addition, Lear consolidates all entities, including variable interest entities, in which it has a controlling financial interest. Investments in affiliates in which Lear does not have control, but does have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method.

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

(2) Current Operating Environment

Due to the overall global economic conditions in 2020, largely as a result of the COVID-19 pandemic, the automotive industry experienced a decline in global customer sales and production volumes. Production disruptions continued in 2021 and are continuing in 2022, again largely due to the ongoing impact of the COVID-19 pandemic, particularly through supply shortages and, to a lesser extent, the resurgence of the virus in China with corresponding "stay at home" government orders, as well as the Russia-Ukraine conflict. The most significant supply shortage relates to semiconductor chips, which is impacting global vehicle production and resulting in reductions and cancellations of planned production. In addition, the Company is experiencing increased costs related to labor inefficiencies and shortages, which are likely to continue. Increases in certain commodity costs, as well as transportation, logistics and utility costs, are also impacting, and will continue to impact, the Company's operating results for the foreseeable future. Further resurgences of the COVID-19 virus or its variants in other regions, including corresponding "stay at home" or similar government orders impacting industry production, could also impact the Company's financial results.

In March 2022, as the Company's customers began to suspend their Russian operations as a result of Russia's invasion of Ukraine, the Company similarly began to suspend its Russian operations. Since the first quarter of 2022, the Company has suspended all production in Russia (but for certain de minimis operations) and significantly decreased its workforce in the country. In September 2022, the Company identified potential impairment indicators, given the continued uncertainty regarding its Russian operations and the military escalation announced by the Russian government in September 2022, and determined that the values of substantially all of its operating assets were impaired. As a result, the Company recorded charges of $19.9 million in the third quarter of 2022 related to impairments of inventory, property, plant and equipment and right-of-use assets. These charges are reflected in the Company's Seating business and are included in cost of sales in the accompanying condensed consolidated statements of comprehensive income (loss) for the three and nine months ended October 1, 2022. Although the Company's net sales and total assets in Russia represent less than 1% of consolidated net sales and total assets, the Russia-Ukraine conflict and sanctions imposed on Russia globally have resulted in economic and supply chain disruptions affecting the overall automotive industry, the ultimate financial impact of which cannot be reasonably estimated. Further, although the Company does not have operations in Ukraine, the Ukrainian operations of certain of the Company's suppliers and suppliers of its customers have been and will likely continue to be disrupted by the Russia-Ukraine conflict. For further information, see Note 7, "Long-Lived Assets," Note 10, "Leases," and Note 19, "Financial Instruments."

The accompanying condensed consolidated financial statements reflect estimates and assumptions made by management as of October 1, 2022, and for the nine months then ended. Such estimates and assumptions affect, among other things, the Company's goodwill; long-lived asset valuations; inventory valuations; valuations of deferred income taxes and income tax contingencies; and credit losses related to the Company's financial instruments. Events and circumstances arising after October 1, 2022, including those resulting from the impact of the COVID-19 pandemic and the Russia-Ukraine conflict, will be reflected in management's estimates and assumptions in future periods.

(3) Acquisition of Kongsberg ICS

On February 28, 2022, the Company completed the acquisition of substantially all of Kongsberg Automotive's Interior Comfort Systems business unit ("Kongsberg ICS"). Kongsberg ICS specializes in comfort seating solutions, including massage, lumbar, seat heat and ventilation, with annual sales of approximately $300 million, of which approximately 20% are intercompany.

The acquisition of Kongsberg ICS was accounted for as a business combination, and accordingly, the assets acquired and liabilities assumed are included in the accompanying condensed consolidated balance sheet as of October 1, 2022. The operating results and cash flows of Kongsberg ICS are included in the condensed consolidated financial statements from the date of acquisition in the Company's Seating segment.

The preliminary purchase price and related allocation are shown below (in millions):

	July 2, 2022	Adjustments	October 1, 2022
Preliminary purchase price, net of acquired cash [1]	$ 187.8	$ 0.8	$ 188.6
Property, plant and equipment	121.8	2.3	124.1
Other assets purchased and liabilities assumed, net	27.5	(2.3)	25.2
Goodwill	27.4	0.8	28.2
Intangible assets	11.1	—	11.1
Preliminary purchase price allocation	$ 187.8	$ 0.8	$ 188.6

[1] Preliminary purchase price reflects cash paid of $184.2 million plus amounts due to seller of $4.4 million

Goodwill recognized in this transaction is primarily attributable to the assembled workforce and expected synergies related to future growth.

Intangible assets consist of amounts recognized for the fair value of developed technology based on an independent appraisal. It is currently estimated that the developed technology will have a weighted average useful life of approximately seventeen years.

The purchase price and related allocation are preliminary and may be revised as a result of further adjustments made to the purchase price, additional information obtained regarding liabilities assumed, including, but not limited to, certain tax attributes and contingent liabilities, and revisions of provisional estimates of fair values resulting from the completion of independent appraisals and valuations of property, plant and equipment and intangible assets.

The Company incurred transaction costs of $9.6 million in the nine months ended October 1, 2022, which have been expensed as incurred and are recorded in selling, general and administrative expenses.

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

For further information related to acquired assets measured at fair value, see Note 19, "Financial Instruments."

(4) Restructuring

Restructuring costs include employee termination benefits, asset impairment charges and contract termination costs, as well as other incremental costs resulting from the restructuring actions. Employee termination benefits are recorded based on existing union and employee contracts, statutory requirements, completed negotiations and Company policy. Other incremental costs principally include equipment and personnel relocation costs. In addition to restructuring costs, the Company incurs incremental manufacturing inefficiency costs at the operating locations impacted by the restructuring actions during the related restructuring implementation period. Restructuring costs are recognized in the Company's condensed consolidated financial statements in accordance with GAAP. Generally, charges are recorded when restructuring actions are approved, communicated and/or implemented.

In the first nine months of 2022, the Company recorded charges of $89.0 million in connection with its restructuring actions. These charges consist of $69.8 million recorded as cost of sales and $19.2 million recorded as selling, general and administrative expenses. The restructuring charges consist of employee termination costs of $69.1 million, asset impairment charges of $8.1 million and contract termination costs of $2.4 million, as well as other related costs of $9.4 million. Employee termination benefits were recorded based on existing union and employee contracts, statutory requirements, completed negotiations and Company policy. Asset impairment charges relate to the disposal of buildings, leasehold improvements and/or machinery and equipment with carrying values of $1.7 million in excess of related estimated fair values and the impairment of right-of-use assets of $6.4 million.

The Company expects to incur approximately $50 million of additional restructuring costs related to activities initiated as of October 1, 2022, and expects that the components of such costs will be consistent with its historical experience. Any future restructuring actions will depend upon market conditions, customer actions and other factors.

A summary of 2022 activity is shown below (in millions):

	Accrual at January 1, 2022	2022 Charges	Utilization		Accrual at October 1, 2022
			Cash	Non-cash	
Employee termination benefits	$ 126.1	$ 69.1	$ (57.7)	$ (1.0)	$ 136.5
Asset impairment charges	—	8.1	—	(8.1)	—
Contract termination costs	3.3	2.4	(1.6)	—	4.1
Other related costs	—	9.4	(9.4)	—	—
Total	$ 129.4	$ 89.0	$ (68.7)	$ (9.1)	$ 140.6

(5) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

A summary of inventories is shown below (in millions):

	October 1, 2022	December 31, 2021
Raw materials	$ 1,213.0	$ 1,171.0
Work-in-process	125.8	119.9
Finished goods	405.3	453.4
Reserves	(150.0)	(172.4)
Inventories	$ 1,594.1	$ 1,571.9

(6) Pre-Production Costs Related to Long-Term Supply Agreements

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

During the first nine months of 2022 and 2021, the Company capitalized $181.4 million and $197.2 million, respectively, of pre-production E&D costs for which reimbursement is contractually guaranteed by the customer. During the first nine months of 2022 and 2021, the Company also capitalized $128.0 million and $115.1 million, respectively, of pre-production tooling costs related to customer-owned tools for which reimbursement is contractually guaranteed by the customer or for which the Company has a non-cancelable right to use the tooling. These amounts are included in other current and long-term assets in the accompanying condensed consolidated balance sheets.

During the first nine months of 2022 and 2021, the Company collected $245.5 million and $253.7 million, respectively, of cash related to E&D and tooling costs.

The classification of recoverable customer E&D and tooling costs related to long-term supply agreements included in the accompanying condensed consolidated balance sheets is shown below (in millions):

	October 1, 2022	December 31, 2021
Current	$ 256.5	$ 207.4
Long-term	145.1	143.5
Recoverable customer E&D and tooling	$ 401.6	$ 350.9

(7) Long-Lived Assets

Property, Plant and Equipment

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

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

	October 1, 2022	December 31, 2021
Land	$ 99.9	$ 108.7
Buildings and improvements	827.6	850.3
Machinery and equipment	4,589.9	4,497.7
Construction in progress	350.3	345.6
Total property, plant and equipment	5,867.7	5,802.3
Less – accumulated depreciation	(3,162.8)	(3,082.2)
Property, plant and equipment, net	$ 2,704.9	$ 2,720.1

Depreciation expense was $124.1 million and $124.6 million in the three months ended October 1, 2022 and October 2, 2021, respectively, and $378.8 million and $374.0 million in the nine months ended October 1, 2022 and October 2, 2021, respectively.

The Company monitors its long-lived assets for impairment indicators on an ongoing basis in accordance with GAAP. If impairment indicators exist, the Company performs the required impairment analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. The Company will continue to assess the impact of significant industry and other events on the realization of its long-lived assets.

In the first nine months of 2022 and 2021, the Company recognized property, plant and equipment impairment charges of $1.7 million and $1.0 million, respectively, in conjunction with its restructuring actions (Note 4, "Restructuring"). In the first nine months of 2022 and 2021, the Company recognized additional property, plant and equipment impairment charges of $5.7 million, including $4.4 million related to the Company's Russian operations (Note 2, "Current Operating Environment"), and $2.0 million, respectively. The impairment charges are included in cost of sales in the accompanying condensed consolidated statements of comprehensive income (loss) for the nine months ended October 1, 2022 and October 2, 2021.

Definite-Lived Intangible Assets

In the first nine months of 2021, the Company recognized an impairment charge of $8.5 million related to an intangible asset of its E-Systems segment resulting from a change in the intended use of such asset. The impairment charge is included in amortization of intangible assets in the accompanying condensed consolidated statement of comprehensive income (loss) for the nine months ended October 2, 2021.

Investment in Affiliates

On September 6, 2021, the Company acquired a 49% interest in Shenyang Jinbei Lear Auto Parts Co., Ltd. ("Shenyang Jinbei") for $41.3 million. The investment is accounted for under the equity method as the Company does not control Shenyang Jinbei but does have the ability to exercise significant influence over certain operating and financial policies of Shenyang Jinbei. The acquisition cost is classified within cash flows used in investing activities in the accompanying condensed consolidated statement of cash flows for the nine months ended October 2, 2021.

In the first nine months of 2021, the Company recognized an impairment charge of $1.0 million related to an affiliate.

(8) Goodwill and Indefinite-Lived Intangible Assets

A summary of the changes in the carrying amount of goodwill, by operating segment, in the nine months ended October 1, 2022, is shown below (in millions):

	Seating	E-Systems	Total
Balance at January 1, 2022	$ 1,249.3	$ 408.6	$ 1,657.9
Acquisition of Kongsberg ICS	28.2	—	28.2
Foreign currency translation and other	(68.6)	(12.7)	(81.3)
Balance at October 1, 2022	$ 1,208.9	$ 395.9	$ 1,604.8

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

There was no impairment of goodwill in the first nine months of 2022 and 2021. The Company will, however, continue to assess the impact of significant industry and other events on its recorded goodwill.

For further information related to the acquisition, see Note 3, "Acquisition of Kongsberg ICS."

Indefinite-Lived Intangible Assets

In the first nine months of 2022, the Company recognized an impairment charge of $8.9 million related to an intangible asset of its E-Systems segment resulting from a change in the intended use of such asset. The impairment charge is included in amortization of intangible assets in the accompanying condensed consolidated statement of comprehensive income (loss) for the nine months ended October 1, 2022.

(9) Debt

Short-Term Borrowings

The Company utilizes uncommitted lines of credit as needed for its short-term working capital fluctuations. As of October 1, 2022 and December 31, 2021, the Company had lines of credit from banks totaling $258.7 million and $96.2 million, respectively. As of October 1, 2022, the Company had short-term debt balances outstanding related to draws on the lines of credit of $3.9 million. As of December 31, 2021, there were no short-term debt balances outstanding related to draws on the lines of credit.

Long-Term Debt

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

	October 1, 2022				
Debt Instrument	**Long-Term Debt**	**Unamortized Debt Issuance Costs**	**Unamortized Original Issue Premium (Discount)**	**Long-Term Debt, Net**	**Weighted Average Interest Rate**
3.8% Senior Notes due 2027 (the "2027 Notes")	$ 550.0	$ (2.2)	$ (1.9)	$ 545.9	3.885%
4.25% Senior Notes due 2029 (the "2029 Notes")	375.0	(2.1)	(0.8)	372.1	4.288%
3.5% Senior Notes due 2030 (the "2030 Notes")	350.0	(2.1)	(0.6)	347.3	3.525%
2.6% Senior Notes due 2032 (the "2032 Notes")	350.0	(2.9)	(0.7)	346.4	2.624%
5.25% Senior Notes due 2049 (the "2049 Notes")	625.0	(5.9)	13.3	632.4	5.103%
3.55% Senior Notes due 2052 (the "2052 Notes")	350.0	(3.8)	(0.6)	345.6	3.558%
Other	12.0	—	—	12.0	N/A
	$ 2,612.0	$ (19.0)	$ 8.7	$ 2,601.7	
Less — Current portion				(1.2)	
Long-term debt				$ 2,600.5	

	December 31, 2021				
Debt Instrument	**Long-Term Debt**	**Unamortized Debt Issuance Costs**	**Unamortized Original Issue Premium (Discount)**	**Long-Term Debt, Net**	**Weighted Average Interest Rate**
2027 Notes	$ 550.0	$ (2.5)	$ (2.2)	$ 545.3	3.885%
2029 Notes	375.0	(2.3)	(0.9)	371.8	4.288%
2030 Notes	350.0	(2.3)	(0.7)	347.0	3.525%
2032 Notes	350.0	(3.1)	(0.8)	346.1	2.624%
2049 Notes	625.0	(6.1)	13.7	632.6	5.103%
2052 Notes	350.0	(3.8)	(0.5)	345.7	3.558%
Other	7.5	—	—	7.5	N/A
	$ 2,607.5	$ (20.1)	$ 8.6	2,596.0	
Less — Current portion				(0.8)	
Long-term debt				$ 2,595.2	

Senior Notes

The issuance, maturity and interest payment dates of the Company's senior unsecured 2027 Notes, 2029 Notes, 2030 Notes, 2032 Notes, 2049 Notes and 2052 Notes (collectively, the "Notes") are shown below:

Note	Issuance Date(s)	Maturity Date	Interest Payment Dates
2027 Notes	August 2017	September 15, 2027	March 15 and September 15
2029 Notes	May 2019	May 15, 2029	May 15 and November 15
2030 Notes	February 2020	May 30, 2030	May 30 and November 30
2032 Notes	November 2021	January 15, 2032	January 15 and July 15 (1)
2049 Notes	May 2019 and February 2020	May 15, 2049	May 15 and November 15
2052 Notes	November 2021	January 15, 2052	January 15 and July 15 (1)

(1) Commenced July 15, 2022

Covenants

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

As of October 1, 2022, the Company was in compliance with all covenants under the indentures governing the Notes.

Credit Agreement

The Company's amended and restated unsecured credit agreement ("Credit Agreement") consists of a $2.0 billion revolving credit facility (the "Revolving Credit Facility"), which expires on October 28, 2026, and a $250 million term loan facility, which was repaid in full in the fourth quarter of 2021.

In the first nine months of 2022, aggregate borrowing and repayments under the Revolving Credit Facility were $65.0 million. As of October 1, 2022 and December 31, 2021, there were no borrowings outstanding under the Revolving Credit Facility.

Advances under the Revolving Credit Facility generally bear interest based on (i) the Eurocurrency Rate (as defined in the Credit Agreement) or (ii) the Base Rate (as defined in the Credit Agreement) plus a margin, determined in accordance with a pricing grid. As of October 1, 2022, the ranges and rates are as follows (in percentages):

	Eurocurrency Rate			Base Rate		
	Minimum	Maximum	Rate as of October 1, 2022	Minimum	Maximum	Rate as of October 1, 2022
Revolving Credit Facility	0.925 %	1.450 %	1.125 %	0.000 %	0.450 %	0.125 %

A facility fee, which ranges from 0.075% to 0.20% of the total amount committed under the Revolving Credit Facility, is payable quarterly.

Covenants

The Credit Agreement contains various customary representations, warranties and covenants by the Company, including, without limitation, (i) covenants regarding maximum leverage, (ii) limitations on fundamental changes involving the Company or its subsidiaries and (iii) limitations on indebtedness and liens.

As of October 1, 2022, the Company was in compliance with all covenants under the Credit Agreement.

Other Long-Term Debt

As of October 1, 2022 and December 31, 2021, other long-term debt, including the current portion, consists of amounts outstanding under an unsecured working capital loan and a finance lease agreement.

For further information related to the Company's debt, see Note 7, "Debt," to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

(10) Leases

The Company has operating leases for production, office and warehouse facilities, manufacturing and office equipment and vehicles. Operating lease assets and obligations included in the accompanying condensed consolidated balance sheets are shown below (in millions):

	October 1, 2022	December 31, 2021
Right-of-use assets under operating leases:		
Other long-term assets	$ 652.3	$ 627.9
Lease obligations under operating leases:		
Accrued liabilities	$ 130.4	$ 125.6
Other long-term liabilities	555.8	523.6
	$ 686.2	$ 649.2

Maturities of lease obligations as of October 1, 2022, are shown below (in millions):

	October 1, 2022
2022 [(1)]	$ 41.1
2023	142.0
2024	123.0
2025	104.7
2026	92.5
Thereafter	270.4
Total undiscounted cash flows	773.7
Less: Imputed interest	(87.5)
Lease obligations under operating leases	$ 686.2

[(1)] For the remaining three months

Cash flow information related to operating leases is shown below (in millions):

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Non-cash activity:		
Right-of-use assets obtained in exchange for operating lease obligations	$ 166.6	$ 200.0
Operating cash flows:		
Cash paid related to operating lease obligations	$ 121.5	$ 121.7

In addition to the right-of-use assets obtained in exchange for operating lease obligations shown above, in the nine months ended October 1, 2022, the Company acquired $34.1 million of right-of-use assets and related lease liabilities in connection with its acquisition of Kongsberg ICS. See Note 3, "Acquisition of Kongsberg ICS."

Lease expense included in the accompanying condensed consolidated statements of comprehensive income (loss) is shown below (in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Operating lease expense	$ 40.5	$ 40.7	$ 122.8	$ 119.6
Short-term lease expense	5.7	5.0	16.5	13.6
Variable lease expense	2.1	1.7	6.2	6.1
Total lease expense	$ 48.3	$ 47.4	$ 145.5	$ 139.3

In the nine months ended October 1, 2022, the Company recognized right-of-use asset impairment charges of $6.4 million in conjunction with its restructuring actions (Note 4, "Restructuring"). In the three and nine months ended October 1, 2022, the Company recognized additional right-of-use asset impairment charges of $7.0 million related to its Russian operations (Note 2, "Current Operating Environment"). The impairment charges are included in cost of sales in the accompanying condensed consolidated statements of comprehensive income (loss) for the three and nine months ended October 1, 2022, as applicable.

The weighted average lease term and discount rate for operating leases are shown below:

	October 1, 2022
Weighted average remaining lease term	Seven years
Weighted average discount rate	3.2 %

The Company is party to a finance lease agreement, which is not material to the accompanying condensed consolidated financial statements (Note 9, "Debt").

For further information related to the Company's leases, see Note 8, "Leases," to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

(11) Pension and Other Postretirement Benefit Plans

The Company sponsors defined benefit pension plans covering certain eligible employees in the United States and certain foreign countries. The Company also sponsors postretirement benefit plans (primarily for the continuation of medical benefits) covering certain eligible retirees in the United States and Canada.

Net Periodic Pension and Other Postretirement Benefit (Credit) Cost

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

	Three Months Ended				Nine Months Ended			
	October 1, 2022		October 2, 2021		October 1, 2022		October 2, 2021	
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Service cost	$ —	$ 1.0	$ —	$ 1.2	$ —	$ 3.1	$ —	$ 3.9
Interest cost	3.9	2.8	3.7	2.6	11.6	8.6	10.9	7.9
Expected return on plan assets	(6.0)	(4.3)	(5.9)	(4.9)	(17.9)	(13.1)	(17.7)	(14.7)
Amortization of actuarial loss	0.5	1.0	1.0	1.5	1.5	3.1	2.9	4.6
Settlement loss	—	—	—	—	0.4	—	0.4	—
Net periodic benefit (credit) cost	$ (1.6)	$ 0.5	$ (1.2)	$ 0.4	$ (4.4)	$ 1.7	$ (3.5)	$ 1.7

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

	Three Months Ended				Nine Months Ended			
	October 1, 2022		October 2, 2021		October 1, 2022		October 2, 2021	
	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign	U.S.	Foreign
Interest cost	$ 0.3	$ 0.1	$ 0.3	$ 0.1	$ 1.1	$ 0.5	$ 1.0	$ 0.5
Amortization of actuarial gain	(0.3)	—	(0.2)	—	(0.9)	—	(0.8)	—
Amortization of prior service credit	—	—	—	—	(0.1)	—	(0.1)	—
Net periodic benefit cost	$ —	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.5	$ 0.1	$ 0.5

Contributions

In the nine months ended October 1, 2022, employer contributions to the Company's domestic and foreign defined benefit pension plans were $7.0 million. The Company expects contributions to its funded pension plans and benefit payments related to its unfunded pension plans to be $8 million to $10 million in 2022.

(12) Revenue Recognition

The Company enters into contracts with its customers to provide production parts generally at the beginning of a vehicle's life cycle. Typically, these contracts do not provide for a specified quantity of products, but once entered into, the Company is often expected to fulfill its customers' purchasing requirements for the production life of the vehicle. Many of these contracts may be terminated by the Company's customers at any time. Historically, terminations of these contracts have been infrequent. The Company receives purchase orders from its customers, which provide the commercial terms for a particular production part, including price (but not quantities). Contracts may also provide for annual price reductions over the production life of the vehicle, and prices may be adjusted on an ongoing basis to reflect changes in product content/cost and other commercial factors.

Revenue is recognized at a point in time when control of the product is transferred to the customer under standard commercial terms, as the Company does not have an enforceable right to payment prior to such transfer. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to in exchange for those products based on the current purchase orders, annual price reductions and ongoing price adjustments. In the first nine months of 2022 and 2021, revenue recognized related to prior years represented approximately 1% of consolidated net sales. The Company's customers pay for products received in accordance with payment terms that are customary within the industry. The Company's contracts with its customers do not have significant financing components.

The Company records a contract liability for advances received from its customers. As of October 1, 2022 and December 31, 2021, there were no significant contract liabilities recorded. Further, in the first nine months of 2022 and 2021, there were no significant contract liabilities recognized in revenue.

Amounts billed to customers related to shipping and handling costs are included in net sales in the condensed consolidated statements of comprehensive income (loss). Shipping and handling costs are accounted for as fulfillment costs and are included in cost of sales in the condensed consolidated statements of comprehensive income (loss).

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenue.

A summary of the Company's revenue by reportable operating segment and geography is shown below (in millions):

	Three Months Ended					
	October 1, 2022			October 2, 2021		
	Seating	E-Systems	Total	Seating	E-Systems	Total
North America	$ 1,888.8	$ 395.4	$ 2,284.2	$ 1,457.0	$ 332.3	$ 1,789.3
Europe and Africa	1,116.7	472.1	1,588.8	945.1	388.3	1,333.4
Asia	719.7	423.2	1,142.9	622.0	340.0	962.0
South America	162.6	62.7	225.3	142.1	41.4	183.5
	$ 3,887.8	$ 1,353.4	$ 5,241.2	$ 3,166.2	$ 1,102.0	$ 4,268.2

	Nine Months Ended					
	October 1, 2022			October 2, 2021		
	Seating	E-Systems	Total	Seating	E-Systems	Total
North America	$ 5,553.4	$ 1,122.1	$ 6,675.5	$ 4,698.3	$ 959.2	$ 5,657.5
Europe and Africa	3,650.3	1,474.4	5,124.7	3,645.8	1,491.6	5,137.4
Asia	2,013.3	1,075.7	3,089.0	2,003.4	1,041.3	3,044.7
South America	457.4	174.0	631.4	422.9	120.8	543.7
	$ 11,674.4	$ 3,846.2	$ 15,520.6	$ 10,770.4	$ 3,612.9	$ 14,383.3

(13) Other (Income) Expense, Net

Other (income) expense, net includes non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, gains and losses on the disposal of fixed assets, the non-service cost components of net periodic benefit cost and other miscellaneous income and expense.

A summary of other (income) expense, net is shown below (in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Other expense	$ 20.3	$ 12.5	$ 66.2	$ 26.5
Other income	(2.2)	(1.4)	(6.4)	(55.2)
Other (income) expense, net	$ 18.1	$ 11.1	$ 59.8	$ (28.7)

In the three and nine months ended October 1, 2022, other expense includes net foreign currency transaction losses of $12.8 million and $38.6 million, respectively, including $10.6 million related to foreign currency contracts of the €140 million I.G. Bauerhin purchase price to be paid pending closing of such transaction and $0.8 million and $14.5 million, respectively, related to foreign exchange rate volatility following Russia's invasion of Ukraine.

In the three and nine months ended October 2, 2021, other expense includes net foreign currency transaction losses of $6.9 million and $13.6 million, respectively, and a loss of $1 million related to the impairment of an affiliate. In the nine months ended October 2, 2021, other income includes a gain of $46.0 million related to a favorable indirect tax ruling in Brazil.

(14) Income Taxes

A summary of the provision for income taxes and the corresponding effective tax rate for the three and nine months ended October 1, 2022 and October 2, 2021, is shown below (in millions, except effective tax rates):

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Provision for income taxes	$ 41.7	$ 20.9	$ 85.6	$ 119.1
Pretax income before equity in net (income) loss of affiliates	$ 154.9	$ 13.9	$ 336.0	$ 522.0
Effective tax rate	26.9 %	150.4 %	25.5 %	22.8 %

The Company's provision for income taxes is impacted by the level and mix of earnings among tax jurisdictions. In addition, the Company recognized discrete tax benefits (expense) on the significant items shown below (in millions):

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Restructuring charges and various other items	$ 26.3	$ 25.5
Valuation allowances on deferred tax assets	(2.6)	(13.4)
Release of tax reserves	4.7	1.3
Favorable indirect tax ruling in a foreign jurisdiction	—	(9.2)
	$ 28.4	$ 4.2

Excluding the items above, the effective tax rate for the first nine months of 2022 and 2021 approximated the U.S. federal statutory income tax rate of 21%, adjusted for income taxes on foreign earnings, losses and remittances, valuation allowances, tax credits, income tax incentives and other permanent items.

The Company's current and future provision for income taxes is impacted by the initial recognition of and changes in valuation allowances in certain countries. The Company intends to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. The Company's future provision for income taxes will include no tax benefit with respect to losses incurred and, except for certain jurisdictions, no tax expense with respect to income generated in these countries until the respective valuation allowances are eliminated. Accordingly, income taxes are impacted by changes in valuation allowances and the mix of earnings among jurisdictions. The Company evaluates the realizability of its deferred tax assets on a quarterly basis. In completing this evaluation, the Company considers all available evidence in order to determine whether, based on the weight of the evidence, a valuation allowance for its deferred tax assets is necessary. Such evidence includes historical results, future reversals of existing taxable temporary differences and expectations for future taxable income (exclusive of the reversal of temporary differences and carryforwards), as well as the implementation of feasible and prudent tax planning strategies. If, based on the weight of the evidence, it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized, a valuation allowance is recorded. If operating results improve or decline on a continual basis in a particular jurisdiction, the Company's decision regarding the need for a valuation allowance could change, resulting in either the initial recognition or reversal of a valuation allowance in that jurisdiction, which could have a significant impact on income tax expense in the period recognized and subsequent periods. In determining the provision for income taxes for financial statement purposes, the Company makes certain estimates and judgments, which affect its evaluation of the carrying value of its deferred tax assets, as well as its calculation of certain tax liabilities.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law. The IRA contains a number of revisions to the Internal Revenue Code, including a 15% corporate minimum tax and a 1% excise tax on share repurchases, both of which are effective for tax years beginning after December 31, 2022, as well as numerous renewable energy credits. The Company is evaluating the impact of the IRA; however, the tax-related provisions of the IRA are not expected to have a material impact on the Company's consolidated financial statements.

For further information related to the Company's income taxes, see Note 9, "Income Taxes," to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

(15) Net Income (Loss) Per Share Attributable to Lear

Basic net income (loss) per share attributable to Lear is computed by dividing net income (loss) attributable to Lear by the average number of common shares outstanding during the period. Common shares issuable upon the satisfaction of certain conditions pursuant to a contractual agreement are considered common shares outstanding and are included in the computation of basic net income (loss) per share attributable to Lear.

Diluted net income per share attributable to Lear is computed using the treasury stock method by dividing net income attributable to Lear by the average number of common shares outstanding, including the dilutive effect of common stock equivalents using the average share price during the period. The computation of diluted net loss per share attributable to Lear excludes the effect of common stock equivalents as such effect would be anti-dilutive.

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

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net income (loss) attributable to Lear	$ 92.3	$ (26.5)	$ 210.2	$ 352.4
Average common shares outstanding	59,551,765	59,906,531	59,794,788	60,171,402
Dilutive effect of common stock equivalents	234,095	—	236,696	291,999
Average diluted shares outstanding	59,785,860	59,906,531	60,031,484	60,463,401
Basic net income (loss) per share attributable to Lear	$ 1.55	$ (0.44)	$ 3.52	$ 5.86
Diluted net income (loss) per share attributable to Lear	$ 1.54	$ (0.44)	$ 3.50	$ 5.83

(16) Comprehensive Income (Loss) and Equity

Comprehensive Income (Loss)

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

Accumulated Other Comprehensive Loss

A summary of changes, net of tax, in accumulated other comprehensive loss for the three and nine months ended October 1, 2022, is shown below (in millions):

	Three Months Ended October 1, 2022	Nine Months Ended October 1, 2022
Defined benefit plans:		
Balance at beginning of period	$ (194.5)	$ (199.4)
Reclassification adjustments (net of tax expense of $0.2 million and $0.7 million in the three and nine months ended October 1, 2022, respectively)	1.0	3.3
Other comprehensive income recognized during the period (net of tax impact of $— million in the three and nine months ended October 1, 2022)	5.2	7.8
Balance at end of period	$ (188.3)	$ (188.3)
Derivative instruments and hedging:		
Balance at beginning of period	$ (7.2)	$ (18.6)
Reclassification adjustments (net of tax benefit of $2.3 million and $5.6 million in the three and nine months ended October 1, 2022, respectively)	(9.2)	(23.6)
Other comprehensive income recognized during the period (net of tax expense of $3.8 million and $10.0 million in the three and nine months ended October 1, 2022, respectively)	16.1	41.9
Balance at end of period	$ (0.3)	$ (0.3)
Foreign currency translation:		
Balance at beginning of period	$ (752.5)	$ (552.2)
Other comprehensive loss recognized during the period (net of tax expense of $2.7 million and $7.1 million in the three and nine months ended October 1, 2022, respectively)	(181.9)	(382.2)
Balance at end of period	$ (934.4)	$ (934.4)
Total accumulated other comprehensive loss	$ (1,123.0)	$ (1,123.0)

In the three and nine months ended October 1, 2022, foreign currency translation adjustments are primarily related to the weakening of the Euro, and to a lesser extent the Chinese renminbi, relative to the U.S. dollar.

In the three and nine months ended October 1, 2022, foreign currency translation adjustments include pretax losses of $0.7 million and $2.0 million, respectively, related to intercompany transactions for which settlement is not planned or anticipated in the foreseeable future, and derivative net investment hedge gains of $14.8 million and $34.2 million, respectively.

A summary of changes, net of tax, in accumulated other comprehensive loss for the three and nine months ended October 2, 2021, is shown below (in millions):

	Three Months Ended October 2, 2021		Nine Months Ended October 2, 2021	
Defined benefit plans:				
Balance at beginning of period	$	(276.3)	$	(276.9)
Reclassification adjustments (net of tax expense of $0.3 million and $1.0 million in the three and nine months ended October 2, 2021, respectively)		2.0		6.0
Other comprehensive income (loss) recognized during the period (net of tax impact of $— million in the three and nine months ended October 2, 2021)		2.5		(0.9)
Balance at end of period	$	(271.8)	$	(271.8)
Derivative instruments and hedging:				
Balance at beginning of period	$	20.2	$	12.6
Reclassification adjustments (net of tax benefit of $3.6 million and $6.9 million in the three and nine months ended October 2, 2021, respectively)		(13.9)		(27.3)
Other comprehensive income (loss) recognized during the period (net of tax benefit (expense) of $3.5 million and ($1.7) million in the three and nine months ended October 2, 2021, respectively)		(14.3)		6.7
Balance at end of period	$	(8.0)	$	(8.0)
Foreign currency translation:				
Balance at beginning of period	$	(471.7)	$	(440.8)
Other comprehensive loss recognized during the period (net of tax expense of $1.4 million and $2.9 million in the three and nine months ended October 2, 2021, respectively)		(51.1)		(82.0)
Balance at end of period	$	(522.8)	$	(522.8)
Total accumulated other comprehensive loss	$	(802.6)	$	(802.6)

In the three months ended October 2, 2021, foreign currency translation adjustments are primarily related to the weakening of the Euro and the Brazilian real relative to the U.S. dollar. In the nine months ended October 2, 2021, foreign currency translation adjustments are primarily related to the weakening of the Euro, and to a lesser extent the Brazilian real, partially offset by the strengthening of the Chinese renminbi, relative to the U.S. dollar.

In the three and nine months ended October 2, 2021, foreign currency translation adjustments include pretax gains (losses) of $0.2 million and ($0.4) million, respectively, related to intercompany transactions for which settlement is not planned or anticipated in the foreseeable future, and derivative net investment hedge gains of $6.6 million and $13.9 million, respectively.

For further information regarding reclassification adjustments related to the Company's defined benefit plans, see Note 11, "Pension and Other Postretirement Benefit Plans." For further information regarding reclassification adjustments related to the Company's derivative and hedging activities, see Note 19, "Financial Instruments."

Lear Corporation Stockholders' Equity

Common Stock Share Repurchase Program

The Company may implement share repurchases through a variety of methods, including, but not limited to, open market purchases, accelerated stock repurchase programs and structured repurchase transactions. The extent to which the Company may repurchase its outstanding common stock and the timing of such repurchases will depend upon its financial condition, results of operations, capital requirements, prevailing market conditions, alternative uses of capital and other factors.

The Company has a common stock share repurchase program (the "Repurchase Program") which permits the discretionary repurchase of its common stock. Since its inception in the first quarter of 2011, the Company's Board of Directors (the "Board") has authorized $6.1 billion in share repurchases under the Repurchase Program, and the Company has repurchased, in aggregate, $4.8 billion of its outstanding common stock, at an average price of $91.42 per share, excluding commissions and related fees. On May 19, 2022, the Board extended the term of the Repurchase Program to December 31, 2024.

Share repurchases in the first nine months of 2022 and the remaining purchase authorization as of October 1, 2022, are shown below (in millions, except for share and per share amounts):

Nine Months Ended October 1, 2022				As of October 1, 2022
Aggregate Repurchases	Cash Paid for Repurchases	Number of Shares	Average Price per Share [1]	Remaining Purchase Authorization
$ 75.2	$ 75.2	567,412	$ 132.49	$ 1,254.5

[1] Excludes commissions

In addition to shares repurchased under the Repurchase Program described above, the Company classifies shares withheld from the settlement of the Company's restricted stock unit and performance share awards to cover tax withholding requirements as common stock held in treasury in the condensed consolidated balance sheets.

Quarterly Dividend

In the first nine months of 2022, the Board declared quarterly cash dividends of $0.77 per share of common stock. In the first nine months of 2021, the Board declared cash dividends of $0.25 per share of common stock in the first and second quarters and a cash dividend of $0.50 per share of common stock in the third quarter.

Dividends declared and paid are shown below (in millions):

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Dividends declared	$ 139.8	$ 61.1
Dividends paid	139.4	60.7

Dividends payable on common shares to be distributed under the Company's stock-based compensation program will be paid when such common shares are distributed.

Noncontrolling Interest

On September 6, 2021, the Company sold a 49% equity interest in its wholly owned consolidated subsidiary, Shenyang Lear Automotive Seating and Interior Systems Co., Ltd. ("Shenyang Lear"), for $36.2 million. The Company continues to control Shenyang Lear, and as a result, the operating results and cash flows of Shenyang Lear continue to be included in the Company's condensed consolidated financial statements.

Noncontrolling interest of $7.6 million was recorded in conjunction with the transaction. The difference between the consideration paid and the carrying value of the noncontrolling interest recorded is reflected in additional paid-in capital in the accompanying condensed consolidated balance sheets as of October 1, 2022 and December 31, 2021.

The proceeds from the sale are classified within cash flows used in financing activities in the accompanying condensed consolidated statement of cash flows for the nine months ended October 2, 2021.

(17) Legal and Other Contingencies

As of October 1, 2022 and December 31, 2021, the Company had recorded reserves for pending legal disputes, including commercial disputes, product liability claims and other legal matters, of $15.6 million and $19.5 million, respectively. Such reserves reflect amounts recognized in accordance with GAAP and typically exclude the cost of legal representation. Product warranty and recall reserves are recorded separately from legal reserves, as described below.

Commercial Disputes

The Company is involved from time to time in legal proceedings and claims related to commercial or contractual disputes with its customers, suppliers and competitors. These disputes vary in nature and are usually resolved by negotiations between the parties.

Product Liability, Warranty and Recall Matters

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

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

In certain instances, allegedly defective products may be supplied by the Company's suppliers. The Company may seek recovery from its suppliers of materials or services included within the Company's products that are associated with product liability claims, recalls and warranty claims. The Company carries insurance for certain legal matters, including product liability claims, but such coverage may be limited. The Company does not maintain insurance for product warranty or recall matters.

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

A summary of the changes in reserves for product warranty and recall claims for the nine months ended October 1, 2022, is shown below (in millions):

Balance at January 1, 2022	$	46.0
Expense, net (including changes in estimates)		8.8
Settlements		(15.7)
Foreign currency translation and other		(3.3)
Balance at October 1, 2022	$	35.8

Environmental Matters

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

As of October 1, 2022 and December 31, 2021, the Company had recorded environmental reserves of $7.8 million and $8.0 million, respectively. The Company does not believe that the environmental liabilities associated with its current and former properties will have a material adverse impact on its business, financial condition, results of operations or cash flows; however, no assurances can be given in this regard.

Other Matters

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

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

(18) Segment Reporting

The Company is organized under two reportable operating segments: Seating, which consists of the design, development, engineering and manufacture of complete seat systems, seat subsystems and key seat components, and E-Systems, which consists of the design, development, engineering and manufacture of complete electrical distribution and connection systems and electronic systems. Key components in the Company's complete seat system and subsystem solutions are advanced comfort, wellness and safety offerings, as well as configurable seating product technologies. All of these products are compatible with traditional internal combustion engine ("ICE") architectures and the full range of hybrid, plug-in hybrid and battery electric architectures (collectively, "electrified powertrains"). Key seat component product offerings include seat trim covers, surface materials such as leather and fabric, seat mechanisms, seat foam and headrests, as well as advanced comfort offerings of massage, lumbar, seat heat and ventilation. Key components in the Company's electrical distribution and connection systems portfolio include wire harnesses, terminals and connectors, and engineered components for both ICE architectures and electrified powertrains that require management of higher voltage and power. Key components in the Company's electronic systems portfolio include body domain and zone control modules and products specific to electrification and connectivity. Electrification products include integrated power modules and battery disconnect units, as well as on-board battery chargers, power conversion modules, high voltage battery management systems and high voltage power distribution boxes. Connectivity products include telematics control units ("TCU") and gateway modules to manage both wired and wireless networks and data in vehicles. In addition to electronic modules, the Company offers software that includes cybersecurity and full capabilities in both dedicated short-range communication and cellular protocols for vehicle connectivity. The Company's software offerings include embedded control software and cloud and mobile device-based software and services. The other category includes unallocated costs related to corporate headquarters, regional headquarters and the elimination of intercompany activities, none of which meets the requirements for being classified as an operating segment. Corporate and regional headquarters costs include various support functions, such as information technology, advanced research and development, corporate finance, legal, executive administration and human resources.

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

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

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

	Three Months Ended October 1, 2022			
	Seating	E-Systems	Other	Consolidated
Revenues from external customers	$ 3,887.8	$ 1,353.4	$ —	$ 5,241.2
Segment earnings [(1)]	222.6	46.8	(71.6)	197.8
Depreciation and amortization	90.2	44.2	4.9	139.3
Capital expenditures	77.9	57.6	4.9	140.4
Total assets	7,879.7	3,642.7	1,856.8	13,379.2

	Three Months Ended October 2, 2021			
	Seating	E-Systems	Other	Consolidated
Revenues from external customers	$ 3,166.2	$ 1,102.0	$ —	$ 4,268.2
Segment earnings (1)	126.7	(7.5)	(71.6)	47.6
Depreciation and amortization	90.3	46.2	3.9	140.4
Capital expenditures	85.2	58.9	8.5	152.6
Total assets	7,405.4	3,597.3	2,043.3	13,046.0

	Nine Months Ended October 1, 2022			
	Seating	E-Systems	Other	Consolidated
Revenues from external customers	$ 11,674.4	$ 3,846.2	$ —	$ 15,520.6
Segment earnings (1)	636.6	64.7	(230.9)	470.4
Depreciation and amortization	276.5	143.8	14.0	434.3
Capital expenditures	260.8	163.7	18.4	442.9

	Nine Months Ended October 2, 2021			
	Seating	E-Systems	Other	Consolidated
Revenues from external customers	$ 10,770.4	$ 3,612.9	$ —	$ 14,383.3
Segment earnings (1)	670.9	108.4	(218.8)	560.5
Depreciation and amortization	270.8	149.1	11.5	431.4
Capital expenditures	231.7	153.9	19.9	405.5

(1) See definition above

For the three months ended October 1, 2022, segment earnings include restructuring charges of $12.0 million, $5.2 million and $0.1 million in the Seating and E-Systems segments and in the other category, respectively. For the nine months ended October 1, 2022, segment earnings include restructuring charges of $46.8 million, $37.1 million and $5.1 million in the Seating and E-Systems segments and in the other category, respectively. The Company expects to incur approximately $32 million and $18 million of additional restructuring costs in the Seating and E-Systems segments, respectively, related to activities initiated as of October 1, 2022, and expects that the components of such costs will be consistent with its historical experience.

For the three months ended October 2, 2021, segment earnings include restructuring charges of $15.2 million, $28.9 million and $1.3 million in the Seating and E-Systems segments and in the other category, respectively. For the nine months ended October 2, 2021, segment earnings include restructuring charges of $35.2 million, $37.3 million and $5.5 million in the Seating and E-Systems segments and in the other category, respectively.

For further information, see Note 4, "Restructuring."

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

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Segment earnings	$ 197.8	$ 47.6	$ 470.4	$ 560.5
Interest expense	24.8	22.6	74.6	67.2
Other (income) expense, net	18.1	11.1	59.8	(28.7)
Consolidated income before provision for income taxes and equity in net (income) loss of affiliates	$ 154.9	$ 13.9	$ 336.0	$ 522.0

(19) Financial Instruments

Debt Instruments

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

	October 1, 2022	December 31, 2021
Estimated aggregate fair value [1]	$ 2,077.5	$ 2,868.6
Aggregate carrying value [1] [2]	2,600.0	2,600.0

[1] Excludes "other" debt
[2] Excludes the impact of unamortized debt issuance costs and unamortized original issue premium (discount)

Cash, Cash Equivalents and Restricted Cash

The Company has cash on deposit that is legally restricted as to use or withdrawal. A reconciliation of cash, cash equivalents and restricted cash included in the accompanying condensed consolidated balance sheets and the accompanying condensed consolidated statements of cash flows is shown below (in millions):

	October 1, 2022	October 2, 2021
Balance sheet:		
Cash and cash equivalents	$ 842.2	$ 1,099.1
Restricted cash included in other current assets	—	1.4
Restricted cash included in other long-term assets	2.1	1.6
Statement of cash flows:		
Cash, cash equivalents and restricted cash	$ 844.3	$ 1,102.1

Accounts Receivable

The Company's allowance for credit losses on financial assets measured at amortized cost, primarily accounts receivable, reflects management's estimate of credit losses over the remaining expected life of such assets, measured primarily using historical experience, as well as current conditions and forecasts that affect the collectability of the reported amount. Expected credit losses for newly recognized financial assets, as well as changes to expected credit losses during the period, are recognized in earnings. The Company also considers geographic and segment specific risk factors in the development of expected credit losses. As of October 1, 2022 and December 31, 2021, accounts receivable are reflected net of reserves of $31.6 million and $35.5 million, respectively. Changes in expected credit losses were not significant in the first nine months of 2022.

Marketable Equity Securities

Marketable equity securities, which the Company accounts for under the fair value option, are included in the accompanying condensed consolidated balance sheets as shown below (in millions):

	October 1, 2022	December 31, 2021
Current assets	$ 3.4	$ 3.5
Other long-term assets	48.1	58.8
	$ 51.5	$ 62.3

Unrealized gains and losses arising from changes in the fair value of the marketable equity securities are recognized in other (income) expense, net in the condensed consolidated statements of comprehensive income (loss). The fair value of the marketable equity securities is determined by reference to quoted market prices in active markets (Level 1 input based on the GAAP fair value hierarchy).

Equity Securities Without Readily Determinable Fair Values

As of October 1, 2022 and December 31, 2021, investments in equity securities without readily determinable fair values of $18.2 million and $15.4 million, respectively, are included in other long-term assets in the accompanying condensed consolidated balance sheets. Such investments are valued at cost, less cumulative impairments of $10.0 million. During the nine months ended October 2, 2021, the Company recognized an impairment charge of $1.0 million related to an investment in equity securities without a readily determinable fair value.

Derivative Instruments and Hedging Activities

The Company has used derivative financial instruments, including forwards, futures, options, swaps and other derivative contracts to reduce the effects of fluctuations in foreign exchange rates and interest rates and the resulting variability of the Company's operating results. The Company is not a party to leveraged derivatives. The Company's derivative financial instruments are subject to master netting arrangements that provide for the net settlement of contracts, by counterparty, in the event of default or termination. On the date that a derivative contract for a hedge instrument is entered into, the Company designates the derivative as either (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or of an unrecognized firm commitment (a fair value hedge), (2) a hedge of the exposure of a forecasted transaction or of the variability in the cash flows of a recognized asset or liability (a cash flow hedge), (3) a hedge of a net investment in a foreign operation (a net investment hedge) or (4) a contract not designated as a hedge instrument.

For a fair value hedge, the change in the fair value of the derivative is recorded in earnings and reflected in the condensed consolidated statements of comprehensive income (loss) on the same line as the gain or loss on the hedged item attributable to the hedged risk. For a cash flow hedge, the change in the fair value of the derivative is recorded in accumulated other comprehensive loss in the condensed consolidated balance sheets. When the underlying hedged transaction is realized, the gain or loss included in accumulated other comprehensive loss is recorded in earnings and reflected in the condensed consolidated statements of comprehensive income (loss) on the same line as the gain or loss on the hedged item attributable to the hedged risk. For a net investment hedge, the change in the fair value of the derivative is recorded in cumulative translation adjustment, which is a component of accumulated other comprehensive loss in the condensed consolidated balance sheets. When the related currency translation adjustment is required to be reclassified, usually upon the sale or liquidation of the investment, the gain or loss included in accumulated other comprehensive loss is recorded in earnings and reflected in other (income) expense, net in the condensed consolidated statements of comprehensive income (loss). Changes in the fair value of contracts not designated as hedge instruments are recorded in earnings and reflected in other (income) expense, net in the condensed consolidated statements of comprehensive income (loss). Cash flows attributable to derivatives used to manage foreign currency risks are classified on the same line as the hedged item attributable to the hedged risk in the condensed consolidated statements of cash flows. Upon settlement, cash flows attributable to derivatives designated as net investment hedges are classified as investing activities in the condensed consolidated statements of cash flows. Cash flows attributable to forward starting interest rate swaps are classified as financing activities in the condensed consolidated statements of cash flows.

The Company formally documents its hedge relationships, including the identification of the hedge instruments and the related hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. Derivatives are recorded at fair value in other current and long-term assets and other current and long-term liabilities in the condensed consolidated balance sheets. The Company also formally assesses whether a derivative used in a hedge transaction is highly effective in offsetting changes in either the fair value or the cash flows of the hedged item. When it is determined that a hedged transaction is no longer probable to occur, the Company discontinues hedge accounting.

Foreign Exchange

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

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

Net Investment Hedges

The Company uses cross-currency interest rate swaps, which are designated as net investment hedges of the foreign currency rate exposure of its investment in certain Euro-denominated subsidiaries. In the nine months ended October 1, 2022 and October 2, 2021, contra interest expense on net investment hedges of $4.1 million and $4.9 million, respectively, is included in interest expense in the accompanying condensed consolidated statements of comprehensive income (loss).

Balance Sheet Classification

The notional amount, estimated aggregate fair value and related balance sheet classification of the Company's foreign currency and net investment hedge contracts are shown below (in millions, except for maturities):

	October 1, 2022	December 31, 2021
Fair value of foreign currency contracts designated as cash flow hedges:		
Other current assets	$ 34.5	$ 19.4
Other long-term assets	8.0	0.1
Other current liabilities	(13.4)	(10.1)
Other long-term liabilities	(1.6)	(2.8)
	27.5	6.6
Notional amount	$ 1,145.1	$ 1,077.6
Outstanding maturities in months, not to exceed	24	23
Fair value of derivatives designated as net investment hedges:		
Other long-term assets	$ 13.7	$ —
Other current liabilities	—	(3.2)
Other long-term liabilities	—	(1.6)
	13.7	(4.8)
Notional amount	$ 150.0	$ 300.0
Outstanding maturities in months, not to exceed	42	33
Fair value of foreign currency contracts not designated as hedging instruments:		
Other current assets	$ 8.7	$ 2.2
Other current liabilities	(16.6)	(3.3)
	(7.9)	(1.1)
Notional amount	$ 728.7	$ 445.5
Outstanding maturities in months, not to exceed	10	12
Total fair value	$ 33.3	$ 0.7
Total notional amount	$ 2,023.8	$ 1,823.1

Accumulated Other Comprehensive Loss — Derivative Instruments and Hedging

Pretax amounts related to foreign currency and net investment hedge contracts that were recognized in and reclassified from accumulated other comprehensive loss are shown below (in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Gains (losses) recognized in accumulated other comprehensive loss:				
Foreign currency contracts	$ 19.9	$ (17.8)	$ 51.9	$ 8.4
Net investment hedge contracts	14.8	6.6	34.2	13.9
	34.7	(11.2)	86.1	22.3
(Gains) losses reclassified from accumulated other comprehensive loss to:				
Net sales	(4.3)	(1.9)	(9.2)	(2.5)
Cost of sales	(7.8)	(16.2)	(21.8)	(33.5)
Interest expense	0.6	0.6	1.8	1.8
	(11.5)	(17.5)	(29.2)	(34.2)
Comprehensive income (loss)	$ 23.2	$ (28.7)	$ 56.9	$ (11.9)

As of October 1, 2022 and December 31, 2021, pretax net gains (losses) of $40.8 million and ($16.1) million, respectively, related to the Company's derivative instruments and hedging activities were recorded in accumulated other comprehensive loss.

During the next twelve-month period, net gains (losses) expected to be reclassified into earnings are shown below (in millions):

Foreign currency contracts	$ 21.1
Interest rate swap contracts	(2.4)
Total	$ 18.7

Such gains and losses will be reclassified at the time that the underlying hedged transactions are realized.

Fair Value Measurements

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

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

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

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

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

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

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

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

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

Items Measured at Fair Value on a Recurring Basis

Fair value measurements and the related valuation techniques and fair value hierarchy level for the Company's assets and liabilities measured at fair value on a recurring basis as of October 1, 2022 and December 31, 2021, are shown below (in millions):

	October 1, 2022					
	Frequency	Asset (Liability)	Valuation Technique	Level 1	Level 2	Level 3
Foreign currency contracts, net	Recurring	$ 19.6	Market/ Income	$ —	$ 19.6	$ —
Net investment hedges	Recurring	13.7	Market/ Income	—	13.7	—
Marketable equity securities	Recurring	51.5	Market	51.5	—	—

	December 31, 2021					
	Frequency	Asset (Liability)	Valuation Technique	Level 1	Level 2	Level 3
Foreign currency contracts, net	Recurring	$ 5.5	Market/ Income	$ —	$ 5.5	$ —
Net investment hedges	Recurring	(4.8)	Market/ Income	—	(4.8)	—
Marketable equity securities	Recurring	62.3	Market	62.3	—	—

The Company determines the fair value of its derivative contracts using quoted market prices to calculate the forward values and then discounts such forward values to the present value. The discount rates used are based on quoted bank deposit or swap interest rates. If a derivative contract is in a net liability position, the Company adjusts these discount rates, if required, by an estimate of the credit spread that would be applied by market participants purchasing these contracts from the Company's counterparties. If an estimate of the credit spread is required, the Company uses significant assumptions and factors other than quoted market rates, which would result in the classification of its derivative liabilities within Level 3 of the fair value hierarchy. As of October 1, 2022 and December 31, 2021, there were no derivative contracts that were classified within Level 3 of the fair value hierarchy. In addition, there were no transfers in or out of Level 3 of the fair value hierarchy in the first nine months of 2022.

Items Measured at Fair Value on a Non-Recurring Basis

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

As a result of the acquisition of Kongsberg ICS (Note 3, "Acquisition of Kongsberg ICS"), Level 3 fair value estimates related to property, plant and equipment of $124.1 million, right-of-use assets of $34.1 million and developed technology intangible assets of $11.1 million are recorded in the accompanying condensed consolidated balance sheet as of October 1, 2022. Fair value estimates of property, plant and equipment were based on independent appraisals, giving consideration to the highest and best use of the assets. Key assumptions used in the appraisals were based on a combination of market and cost approaches, as appropriate. Fair value estimates of right-of-use assets were based on a market approach. Fair value estimates of developed technology intangible assets were based on a relief from royalty approach.

In the nine months ended October 1, 2022 and October 2, 2021, the Company completed impairment assessments related to certain of its intangible assets resulting from changes in the intended uses of such assets and recorded impairment charges of $8.9 million and $8.5 million, respectively. The fair value estimate of the related asset group was based on management's estimates using a discounted cash flow method.

In the third quarter of 2022, the Company completed impairment assessments related to certain of the assets of its Russian operations and recorded charges of $19.9 million related to impairments of inventory, property, plant and equipment and right-of-use assets. The fair value estimates of the related assets were based on management's estimates using a discounted cash flow method.

As of October 1, 2022, there were no additional significant assets or liabilities measured at fair value on a non-recurring basis.

(20) Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB") as summarized below.

Pronouncements adopted in 2022:

Reference Rate Reform

The FASB issued ASU 2020-04 and ASU 2021-01, "Reference Rate Reform (Topic 848)." The guidance provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. The guidance was effective upon issuance and generally can be applied to applicable contract modifications and hedge relationships prospectively through December 31, 2022. The adoption of this guidance did not have a significant impact on the Company's financial statements.

Government Assistance

The FASB issued ASU 2021-10, "Disclosures by Business Entities about Government Assistance." The guidance, effective January 1, 2022, requires disclosures about certain government assistance transactions. The adoption of this guidance did not have a significant impact on the Company's financial statements.

Pronouncements effective after 2022:

Supplier Finance Programs

The FASB issued ASU 2022-04, "Liabilities - Supplier Finance Programs." The guidance requires disclosure of key terms of supplier finance programs, including payment terms and assets pledged, amounts outstanding at end of period and applicable balance sheet line item(s), and a rollforward of obligations. The guidance does not affect the existing recognition, measurement or financial statement presentation of supplier finance program obligations. The guidance is effective January 1, 2023, with the exception of rollforward information which is effective January 1, 2024. Early adoption is permitted. The adoption of this guidance is not expected to have a significant impact on the Company's consolidated financial statements.

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

EXECUTIVE OVERVIEW

We are a global automotive technology leader in Seating and E-Systems, enabling superior in-vehicle experiences for consumers around the world. We supply seating, electrical distribution and connection systems and electronic systems to all of the world's major automotive manufacturers.

Lear is built on a foundation and strong culture of innovation, operational excellence, and engineering and program management capabilities. We use our product, design and technological expertise, as well as our global reach and competitive manufacturing footprint, to achieve our financial goals and objectives. These include continuing to deliver profitable growth (balancing risks and returns); investing in innovation to drive business growth and profitability; maintaining a strong balance sheet with investment grade credit metrics; and consistently returning capital to our stockholders. Further, we have aligned our strategy with the key trends affecting our business — electrification, connectivity, autonomy and shared mobility. At Lear, we are *Making every drive better*™ by providing technology for safer, smarter and more comfortable journeys, while adhering to our values — *Be Inclusive. Be Inventive. Get Results the Right Way*.

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

Our Seating business consists of the design, development, engineering and manufacture of complete seat systems, seat subsystems and key seat components. Our capabilities in operations and supply chain management enable synchronized (just-in-time) assembly and delivery of high volumes of complex complete seat systems to our customers. Included in our complete seat system and subsystem solutions are advanced comfort, wellness and safety offerings, as well as configurable seating product technologies. Our advanced comfort, wellness and safety offerings are facilitated by our system, component and integration capabilities, together with our in-house electronics, sensor, software and algorithm competencies. Our comfort offerings have been enhanced by our first quarter 2022 acquisition of substantially all of Kongsberg Automotive's Interior Comfort Systems business unit ("Kongsberg ICS"), which specializes in comfort seating solutions, including massage, lumbar, seat heat and ventilation. As the most vertically integrated global seat supplier, our key seat component product offerings include seat trim covers, surface materials such as leather and fabric, seat mechanisms, seat foam and headrests, as well as advanced comfort offerings of massage, lumbar, seat heat and ventilation. All of these products are compatible with traditional internal combustion engine ("ICE") architectures and the full range of hybrid, plug-in hybrid and battery electric architectures (collectively, "electrified powertrains").

Our E-Systems business consists of the design, development, engineering and manufacture of complete electrical distribution and connection systems and electronic systems. The combination of these capabilities enables us to provide our customers with customizable solutions with optimized designs at a competitive cost. Electrical distribution and connection systems utilize low voltage wire, high voltage wire, high speed data cables and flat wiring to connect networks and electrical signals and manage electrical power within the vehicle for all types of powertrains – from traditional ICE architectures to the full range of electrified powertrains. Key components in our electrical distribution and connection systems portfolio include wire harnesses, terminals and connectors and engineered components for both ICE architectures and electrified powertrains that require management of higher voltage and power. Electronic systems facilitate signal, data and power management within the vehicle and include the associated software required to facilitate these functions. Key components in our electronic systems portfolio include body domain and zone control modules and products specific to electrification and connectivity. Electrification products include integrated power modules and battery disconnect units, as well as on-board battery chargers, power conversion modules, high voltage battery management systems and high voltage power distribution boxes. Connectivity products include telematics control units ("TCU") and gateway modules to manage both wired and wireless networks and data in vehicles. In addition to electronic modules, we offer software that includes cybersecurity and full capabilities in both dedicated short-range communication and cellular protocols for vehicle connectivity. Our software offerings include embedded control software and cloud and mobile device-based software and services. Our customers traditionally have sourced our electronic hardware together with the software that we embed in it.

We serve all of the world's major automotive manufacturers across both our Seating and E-Systems businesses, and we have automotive content on more than 450 vehicle nameplates worldwide. It is common for us to have both seating and electrical and/or electronic content on the same vehicle platform.

Our businesses benefit globally from leveraging common operating standards and disciplines, including world-class product development and manufacturing processes, as well as common customer support and regional infrastructures, all of which contribute to our reputation for operational excellence. Our core capabilities are shared across component categories and include: high-precision manufacturing and assembly with short lead times; management of complex supply chains; global engineering and program management skills; the agility to establish and/or transfer production between facilities quickly; and a unique customer-focused culture. Our businesses utilize proprietary, industry-specific processes and standards, leverage common low-cost engineering centers and share centralized operating support functions. These functions include logistics, supply chain management, quality, health and safety, and all major administrative functions.

Industry overview

Our sales are driven by the number of vehicles produced by the automotive manufacturers, which is ultimately dependent on the availability of raw materials and components and consumer demand for automotive vehicles, and our content per vehicle. Due to the overall global economic conditions in 2020, largely as a result of the COVID-19 pandemic, the automotive industry experienced a decline in global customer sales and production volumes. Although industry production increased 3% in 2021 over 2020 and is expected to increase 7% in 2022 over 2021 (based on October 2022 S&P Global Mobility, formerly IHS Markit, projections), production remains well below recent historic levels and consumer demand. This is largely due to the continuing impact of the COVID-19 pandemic, particularly through supply shortages and, to a lesser extent, the resurgence of the virus in China with corresponding "stay at home" government orders, as well as the Russia-Ukraine conflict. The most significant supply shortage relates to semiconductor chips, which is impacting global vehicle production and resulting in reductions and cancellations of planned production. In addition, we are experiencing increased costs related to labor inefficiencies and shortages, which are likely to continue. Increases in certain commodity costs, as well as transportation, logistics and utility costs, are also impacting, and will continue to impact, our operating results for the foreseeable future. Further resurgences of the COVID-19 virus or its variants in other regions, including corresponding "stay at home" or similar government orders impacting industry production, could also impact our financial results. For risks related to the COVID-19 pandemic, including supply shortages, see Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2021, as supplemented and updated by Part II — Item 1A, "Risk Factors," in this Report.

In March 2022, as our customers began to suspend their Russian operations as a result of Russia's invasion of Ukraine, we similarly began to suspend our Russian operations. Since the first quarter of 2022, we have suspended all production in Russia (but for certain de minimis operations) and significantly decreased our workforce in the country. Given the continued uncertainty regarding our Russian operations and the military escalation announced by the Russian government in September 2022, we recorded charges of approximately $20 million in the third quarter of 2022 related to impairments of substantially all of our operating assets, including inventory, property, plant and equipment and right-of-use assets. Although our net sales and total assets in Russia represent less than 1% of our consolidated net sales and total assets, the Russia-Ukraine conflict and sanctions imposed on Russia globally have resulted in economic and supply chain disruptions affecting the overall automotive industry, the ultimate financial impact of which cannot be reasonably estimated. Further, although we do not have operations in Ukraine, the Ukrainian operations of certain of our suppliers and suppliers of our customers have been and will likely continue to be disrupted by the Russia-Ukraine conflict. For further information, see Note 2, "Current Operating Environment," Note 7, "Long-Lived Assets," Note 10, "Leases," and Note 19, "Financial Instruments," to the condensed consolidated financial statements included in this Report.

Global automotive industry production volumes in the first nine months of 2022, as compared to the first nine months of 2021, are shown below (in thousands of units):

	Nine Months Ended		
	October 1, 2022 (1)	October 2, 2021 (1) (2)	% Change
North America	10,790.4	9,753.7	11 %
Europe and Africa	11,767.4	12,205.9	(4)%
Asia	33,080.5	29,660.2	12 %
South America	2,012.1	1,829.0	10 %
Other	1,435.3	1,128.6	27 %
Global light vehicle production	59,085.7	54,577.4	8 %

(1) Production data based on S&P Global Mobility
(2) Production data for 2021 have been updated from our third quarter 2021 Quarterly Report on Form 10-Q to reflect actual production levels

In addition to the factors noted above, automotive sales and production can be affected by the age of the vehicle fleet and related scrappage rates, labor relations issues, fuel prices, regulatory requirements, government initiatives, trade agreements, the availability and cost of credit, the availability of critical components needed to complete the production of vehicles, restructuring actions of our customers and suppliers, facility closures, changing consumer attitudes toward vehicle ownership and usage and other factors. Our operating results are also significantly impacted by the overall commercial success of the vehicle platforms for which we supply particular products, as well as the level of vertical integration and profitability of the products that we supply for these platforms. The loss of business with respect to any vehicle model for which we are a significant supplier, or a decrease in the production levels of any such models, could adversely affect our operating results. In addition, larger cars and light trucks, as well as vehicle platforms that offer more features and functionality, such as luxury, sport utility and crossover vehicles, typically have more content and, therefore, tend to have a more significant impact on our operating results.

Our percentage of consolidated net sales by region in the first nine months of 2022 and 2021 is shown below:

	Nine Months Ended	
	October 1, 2022	October 2, 2021
North America	43 %	39 %
Europe and Africa	33 %	36 %
Asia	20 %	21 %
South America	4 %	4 %
Total	100 %	100 %

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

The automotive industry, and our business, continue to be shaped by the broad trends of electrification, connectivity, autonomy, and shared mobility. We also consider demand and regulatory requirements related to improved energy efficiency, sustainability, enhanced safety and communications (e.g., government mandates related to fuel economy, carbon emissions and safety equipment) to be significant drivers of these trends, each of which is likely to be at the forefront of our industry for the foreseeable future.

In addition to key foundational attributes imperative for success as an automotive supplier (quality, service and cost), our strategic initiatives focus on furthering our competitive differentiation through vertical integration, disruptive innovation and advanced manufacturing technology. We have expanded key component capabilities through organic investment and acquisitions to ensure a full complement of the best solutions for our customers. We have restructured, and continue to align, our manufacturing and engineering footprint to attain a leading competitive cost position globally. We have established or expanded activities in new and growing markets, in support of our customers' growth initiatives and in pursuit of opportunities with new customers. These initiatives have helped us achieve our financial goals overall, as well as more regional, customer and vehicle segment diversification in our business.

For further information related to these trends and our strategy, see Item 1, "Business — Industry and Strategy," in our Annual Report on Form 10-K for the year ended December 31, 2021.

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

Our material cost as a percentage of net sales was 66.4% in the first nine months of 2022, as compared to 65.0% in the first nine months of 2021, reflecting increases in certain commodity costs. Raw material, energy and commodity costs can be volatile, reflecting, among other things, changes in supply and demand, logistics issues, global trade and tariff policies, and geopolitical issues. Our primary commodity cost exposures relate to steel, copper and leather. We have developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, such as the selective in-sourcing of components, the continued consolidation of our supply base, longer-term purchase commitments, contractual recovery mechanisms and the selective expansion of low-cost country sourcing and engineering, as well as value engineering and product benchmarking. Further, our exposure to changes in steel prices is primarily indirect, through purchased components, and a significant portion of our copper, leather and direct steel purchases are subject to price index agreements with our customers and suppliers. Certain of these strategies also may limit our opportunities in a declining commodity price environment. In the current environment of escalating raw material, energy and commodity costs, these strategies, together with commercial negotiations with our customers and suppliers, have only offset a portion of the adverse impact. In addition, the availability of raw materials, commodities and product components fluctuates from time to time due to factors outside of our control. If these costs increase or availability is restricted, it could have an adverse impact on our operating results in the foreseeable future. See "— Forward-Looking Statements" below and Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2021, as supplemented and updated by Part II — Item 1A, "Risk Factors," in this Report.

Financial Measures

In evaluating our financial condition and operating performance, we focus primarily on earnings, operating margins, cash flows and return on invested capital. Our strategy includes expanding our business with new and existing customers globally through new products, including electrification. We also have selectively increased our vertical integration capabilities globally, as well as expanded our component manufacturing capacity in Asia, Eastern Europe, Mexico and Northern Africa and our low-cost engineering capabilities in Asia, Eastern Europe and Northern Africa.

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

Acquisitions

On February 28, 2022, we completed the acquisition of Kongsberg ICS, which specializes in comfort seating solutions. With almost 50 years of experience in comfort seating solutions, Kongsberg ICS has leading technology, a well-balanced customer portfolio built on longstanding relationships with leading premium automotive manufacturers, and an experienced team. The Kongsberg ICS acquisition is expected to further advance our seat component capabilities into specialized comfort seating solutions that further differentiate our product offerings and improve vehicle performance and packaging — important features across various vehicle segments. The transaction is valued at approximately $189 million, on a cash and debt free basis.

On May 19, 2022, we completed the acquisition of Thagora Technology SRL ("Thagora"), a privately held company specializing in material utilization hardware and software technologies based in Iasi, Romania. We expect that Thagora's innovative technologies will complement our sustainable manufacturing processes by reducing scrap and lowering energy usage during production.

On May 20, 2022, we entered into a definitive agreement to acquire I.G. Bauerhin ("IGB"), a privately held supplier of automotive seat heating, ventilation, active cooling, steering wheel heating, seat sensors and electronic control modules, headquartered in Gruendau-Rothenbergen, Germany. IGB has more than 4,000 employees at nine manufacturing plants in seven countries. The acquisition of IGB is expected to further our vertical integration strategy and advance our vision of being the leading provider of innovative thermal comfort solutions. The transaction is valued at approximately €140 million, on a cash and debt free basis. The acquisition, subject to regulatory approvals and customary closing conditions and adjustments, is expected to close by the first quarter of 2023.

Operational Restructuring

In the first nine months of 2022, we incurred pretax restructuring costs of $89 million and related manufacturing inefficiency charges of approximately $5 million, as compared to pretax restructuring costs of $78 million and related manufacturing inefficiency charges of approximately $10 million in the first nine months of 2021. None of the individual restructuring actions initiated in the first nine months of 2022 were material. Further, there have been no changes in previously initiated restructuring actions that have resulted (or will result) in a material change to our restructuring costs.

Our restructuring actions include plant closures and workforce reductions and are initiated to maintain our competitive footprint or are in response to customer initiatives or changes in global and regional automotive markets. Our restructuring actions are designed to maintain or improve our operating results and profitability throughout the automotive industry cycles. Restructuring actions are generally funded within twelve months of initiation and are funded by cash flows from operating activities and existing cash balances. We expect to incur approximately $50 million of additional restructuring costs related to activities initiated as of October 1, 2022, all of which are expected to be incurred in the next twelve months. We plan to implement additional restructuring actions in order to align our manufacturing capacity and other costs with prevailing regional automotive production levels. Such future restructuring actions are dependent on market conditions, customer actions and other factors.

For further information, see Note 4, "Restructuring," and Note 18, "Segment Reporting," to the condensed consolidated financial statements included in this Report.

Share Repurchase Program and Quarterly Cash Dividends

We may implement share repurchases through a variety of methods, including, but not limited to, open market purchases, accelerated stock repurchase programs and structured repurchase transactions. The extent to which we may repurchase our outstanding common stock and the timing of such repurchases will depend upon our financial condition, results of operations, capital requirements, prevailing market conditions, alternative uses of capital and other factors (see "— Forward-Looking Statements" below).

Since the first quarter of 2011, our Board of Directors (the "Board") has authorized $6.1 billion in share repurchases under our common stock share repurchase program. In the first nine months of 2022, we repurchased $75 million of shares. At the end of the third quarter of 2022, we have a remaining repurchase authorization of $1.3 billion, which expires on December 31, 2024.

Our Board declared a quarterly cash dividend of $0.77 per share of common stock in the first, second and third quarters of 2022.

For further information related to our common stock share repurchase program and our quarterly cash dividends, see "— Liquidity and Capital Resources — Capitalization" below and Note 16, "Comprehensive Income (Loss) and Equity," to the condensed consolidated financial statements included in this Report.

Other Matters

In the three months ended October 1, 2022, we recognized tax expense of $3 million related to the establishment of a valuation allowance on deferred tax assets of a foreign subsidiary and net tax benefits of $6 million related to restructuring charges and various other items. In the nine months ended October 1, 2022, we recognized net tax benefits of $5 million related to the release of tax reserves at several foreign subsidiaries, net tax expense of $3 million related to changes in valuation allowances on deferred tax assets of foreign subsidiaries and net tax benefits of $26 million related to restructuring charges and various other items.

In the three months ended October 2, 2021, we recognized tax expense of $20 million related to the establishment of valuation allowances on deferred tax assets of foreign subsidiaries, net tax benefits of $7 million related to a favorable indirect tax ruling and net tax benefits of $7 million related to restructuring charges and various other items. In the nine months ended October 2, 2021, we recognized net tax expense of $13 million related to changes in valuation allowances on deferred tax assets of foreign subsidiaries, tax expense of $9 million on a $46 million gain related to a favorable indirect tax ruling in a foreign jurisdiction and net tax benefits of $26 million related to the net release of tax reserves at several foreign subsidiaries, restructuring charges and various other items.

Our results for the three and nine months ended October 1, 2022 and October 2, 2021, reflect the following items (in millions):

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Costs related to restructuring actions, including manufacturing inefficiencies of $1 million and $5 million in the three and nine months ended October 1, 2022, respectively, and $3 million and $10 million in the three and nine months ended October 2, 2021, respectively	$ 19	$ 49	$ 94	$ 88
Acquisition costs	—	—	10	—
Acquisition-related inventory fair value adjustment	—	—	1	—
Other acquisition-related costs	11	—	11	—
Impairments related to Russian operations	20	—	20	—
Intangible asset impairment	—	—	9	9
Costs (insurance recoveries) related to typhoon in the Philippines, net	(1)	—	4	—
Foreign exchange losses due to foreign exchange rate volatility related to Russia	1	—	15	—
Favorable indirect tax ruling in a foreign jurisdiction	—	1	—	(46)
Loss related to affiliate	—	—	—	1
Tax (benefit) expense, net	(3)	6	(28)	(4)

For further information regarding these items, see Note 3, "Acquisition of Kongsberg ICS," Note 4, "Restructuring," Note 7, "Long-Lived Assets," Note 8, "Goodwill and Indefinite-Lived Intangible Assets," Note 10, "Leases," Note 13, "Other (Income) Expense, Net," and Note 14, "Income Taxes," to the condensed consolidated financial statements included in this Report.

This Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements that are subject to risks and uncertainties. For further information regarding other factors that have had, or may have in the future, a significant impact on our business, financial condition or results of operations, see "— Forward-Looking Statements" below and Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2021, as supplemented and updated by Part II — Item 1A, "Risk Factors," in this Report.

RESULTS OF OPERATIONS

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

	Three Months Ended				Nine Months Ended			
	October 1, 2022		October 2, 2021		October 1, 2022		October 2, 2021	
Net sales								
Seating	$ 3,887.8	74.2 %	$ 3,166.2	74.2 %	$ 11,674.4	75.2 %	$ 10,770.4	74.9 %
E-Systems	1,353.4	25.8	1,102.0	25.8	3,846.2	24.8	3,612.9	25.1
Net sales	5,241.2	100.0	4,268.2	100.0	15,520.6	100.0	14,383.3	100.0
Cost of sales	4,864.3	92.8	4,041.5	94.7	14,482.3	93.3	13,262.4	92.2
Gross profit	376.9	7.2	226.7	5.3	1,038.3	6.7	1,120.9	7.8
Selling, general and administrative expenses	163.9	3.1	163.3	3.8	512.4	3.3	503.0	3.5
Amortization of intangible assets	15.2	0.3	15.8	0.4	55.5	0.3	57.4	0.4
Interest expense	24.8	0.5	22.6	0.5	74.6	0.5	67.2	0.5
Other (income) expense, net	18.1	0.3	11.1	0.3	59.8	0.4	(28.7)	(0.2)
Provision for income taxes	41.7	0.8	20.9	0.5	85.6	0.5	119.1	0.8
Equity in net (income) loss of affiliates	(6.0)	(0.1)	1.7	—	(21.0)	(0.1)	(9.1)	(0.1)
Net income attributable to noncontrolling interests	26.9	0.5	17.8	0.4	61.2	0.4	59.6	0.4
Net income (loss) attributable to Lear	$ 92.3	1.8 %	$ (26.5)	(0.6)%	$ 210.2	1.4 %	$ 352.4	2.5 %

Three Months Ended October 1, 2022 vs. Three Months Ended October 2, 2021

Net sales in the third quarter of 2022 were $5.2 billion, as compared to $4.3 billion in the third quarter of 2021, an increase of $1.0 billion or 23%. Higher production volumes on Lear platforms globally and new business globally favorably impacted net sales by $760 million and $321 million, respectively. Net sales also benefited by $148 million and $59 million due to commodity recoveries and our Kongsberg ICS acquisition, respectively. These increases were partially offset by the impact of foreign exchange fluctuations, which reduced net sales by $361 million.

(in millions)	Cost of Sales
Third quarter 2021	$ 4,041.5
Material cost	672.7
Labor and other	151.3
Depreciation	(1.2)
Third quarter 2022	$ 4,864.3

Cost of sales was $4.9 billion in the third quarter of 2022, as compared to $4.0 billion in the third quarter of 2021. Higher production volumes on Lear platforms globally and new business globally increased cost of sales. Cost of sales also increased as a result of higher commodity costs and our Kongsberg ICS acquisition. These increases were partially offset by the impact of foreign exchange fluctuations.

Gross profit and gross margin were $377 million and 7.2% of net sales, respectively, in the third quarter of 2022, as compared to $227 million and 5.3% of net sales, respectively, in the third quarter of 2021. Higher production volumes on Lear platforms and new business positively impacted gross profit by $183 million. The impact of selling price reductions and foreign exchange fluctuations was partially offset by favorable operating performance, including the benefit of restructuring actions. These factors had a corresponding impact on gross margin.

Selling, general and administrative expenses, including engineering and development expenses, were $164 million in the third quarter of 2022, as compared to $163 million in the third quarter of 2021. As a percentage of net sales, selling, general and administrative expenses were 3.1% in the third quarter of 2022, as compared to 3.8% in the third quarter of 2021, reflecting higher restructuring costs in the third quarter of 2021.

Amortization of intangible assets was $15 million in the third quarter of 2022, as compared to $16 million in the third quarter of 2021.

Interest expense was $25 million in the third quarter of 2022, as compared to $23 million in the third quarter of 2021.

Other expense, net, which includes non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, gains and losses on the disposal of fixed assets, the non-service cost components of net periodic benefit cost and other miscellaneous income and expense, was $18 million in the third quarter of 2022, as compared to $11 million in the third quarter of 2021. In the third quarter of 2022, we recognized foreign exchange losses of $11 million related to foreign currency contracts of the €140 million IGB purchase price to be paid pending closing of such transaction.

In the third quarter of 2022, the provision for income taxes was $42 million, representing an effective tax rate of 26.9% on pretax income before equity in net income of affiliates of $155 million. In the third quarter of 2021, the provision for income taxes was $21 million, representing an effective tax rate of 150.4% on pretax income before equity in net loss of affiliates of $14 million, for the reasons described below. For further information, see Note 14, "Income Taxes," to the condensed consolidated financial statements included in this Report.

In the third quarters of 2022 and 2021, the provision for income taxes was primarily impacted by the level and mix of earnings among tax jurisdictions. In the third quarter of 2022, we recognized tax expense of $3 million related to the establishment of a valuation allowance on deferred tax assets of a foreign subsidiary and net tax benefits of $6 million related to restructuring charges and various other items. In the third quarter of 2021, we recognized tax expense of $20 million related to the establishment of valuation allowances on deferred tax assets of foreign subsidiaries, net tax benefits of $7 million related to a favorable indirect tax ruling and net tax benefits of $7 million related to restructuring charges and various other items.

Excluding these items, the effective tax rate for the third quarters of 2022 and 2021 approximated the U.S. federal statutory income tax rate of 21%, adjusted for income taxes on foreign earnings, losses and remittances, valuation allowances, tax credits, income tax incentives and other permanent items.

Equity in net (income) loss of affiliates was income of $6 million in the third quarter of 2022, as compared to a loss of $2 million in the third quarter of 2021, primarily reflecting the earnings of our Shenyang Jinbei Lear Automotive Seating joint venture established in the third quarter of 2021.

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Net income (loss) attributable to Lear was $92 million, or $1.54 per diluted share, in the third quarter of 2022, as compared to ($27) million, or ($0.44) per diluted share, in the third quarter of 2021. Net income (loss) and diluted net income (loss) per share increased for the reasons described above.

Reportable Operating Segments

We have two reportable operating segments: Seating and E-Systems. For a description of our reportable operating segments, see "Executive Overview" above.

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

For a reconciliation of consolidated segment earnings to consolidated income before provision for income taxes and equity in net income of affiliates, see Note 18, "Segment Reporting," to the condensed consolidated financial statements included in this Report.

Seating

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

	Three Months Ended	
	October 1, 2022	October 2, 2021
Net sales	$ 3,887.8	$ 3,166.2
Segment earnings [1]	222.6	126.7
Margin	5.7 %	4.0 %

[1] See definition above

Seating net sales were $3.9 billion in the third quarter of 2022, as compared to $3.2 billion in the third quarter of 2021, reflecting an increase of $722 million or 23%. Higher production volumes on Lear platforms and new business favorably impacted net sales by $554 million and $211 million, respectively. Net sales also benefited by $86 million and $59 million due to commodity recoveries and our Kongsberg ICS acquisition, respectively. These increases were partially offset by foreign exchange fluctuations, which reduced net sales by $237 million.

Segment earnings, including restructuring costs, and the related margin on net sales were $223 million and 5.7% in the third quarter of 2022, as compared to $127 million and 4.0% in the third quarter of 2021. Higher production volumes on Lear platforms and new business positively impacted segment earnings by $131 million. The impact of selling price reductions, impairment charges related to our Russian operations and foreign exchange fluctuations was partially offset by favorable operating performance, including the benefit of operational restructuring actions, and commodity recoveries.

E-Systems

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

	Three Months Ended	
	October 1, 2022	October 2, 2021
Net sales	$ 1,353.4	$ 1,102.0
Segment earnings[1]	46.8	(7.5)
Margin	3.5 %	(0.7)%

[1] See definition above

E-Systems net sales were $1.4 billion in the third quarter of 2022, as compared to $1.1 billion in the third quarter of 2021, reflecting an increase of $251 million or 23%. Higher production volumes on Lear platforms and new business favorably impacted net sales by $206 million and $110 million, respectively. Net sales also benefited by $62 million due to commodity recoveries. These increases were partially offset by foreign exchange fluctuations, which reduced net sales by $124 million.

Segment earnings, including restructuring costs, and the related margin on net sales were $47 million and 3.5% in the third quarter of 2022, as compared to ($8) million and (0.7)% in the third quarter of 2021. Higher production volumes on Lear platforms and new business positively impacted segment earnings by $52 million. Favorable operating performance, including the benefit of operational restructuring actions, and lower restructuring costs was offset by the impact of selling price reductions, increased commodity costs and foreign exchange fluctuations.

Other

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

	Three Months Ended	
	October 1, 2022	October 2, 2021
Net sales	$ —	$ —
Segment earnings [1]	(71.6)	(71.6)
Margin	N/A	N/A

[1] See definition above

Segment earnings related to our other category were ($72) million in the third quarters of 2022 and 2021.

Nine Months Ended October 1, 2022 vs. Nine Months Ended October 2, 2021

Net sales for the nine months ended October 1, 2022 were $15.5 billion, as compared to $14.4 billion for the nine months ended October 2, 2021, an increase of $1.1 billion or 8%. New business globally and higher production volumes on Lear platforms in North America, South America and Europe favorably impacted net sales by $773 million and $456 million, respectively. Net sales also benefited by $431 million and $141 million due to commodity recoveries and our Kongsberg ICS acquisition, respectively. These increases were partially offset by the impact of foreign exchange rate fluctuations, which reduced net sales by $747 million.

(in millions)	Cost of Sales
First nine months of 2021	$ 13,262.4
Material cost	937.6
Labor and other	277.9
Depreciation	4.4
First nine months of 2022	$ 14,482.3

Cost of sales in the first nine months of 2022 was $14.5 billion, as compared to $13.3 billion in the first nine months of 2021. New business globally and higher production volumes on Lear platforms in North America, South America and Europe increased cost of sales. Cost of sales also increased as a result of higher commodity costs and our Kongsberg ICS acquisition. These increases were partially offset by the impact of foreign exchange fluctuations, which reduced cost of sales.

Gross profit and gross margin were $1.0 billion and 6.7% of net sales, respectively, for the nine months ended October 1, 2022, as compared to $1.1 billion and 7.8% of net sales, respectively, for the nine months ended October 2, 2021. The impact of selling price reductions, increased commodity costs and foreign exchange fluctuations was partially offset by favorable operating performance, including the benefit of restructuring actions. New business and higher production volumes on Lear platforms positively impacted gross profit by $156 million. These factors had a corresponding impact on gross margin.

Selling, general and administrative expenses, including engineering and development expenses, were $512 million in the first nine months of 2022, as compared to $503 million in the first nine months of 2021, primarily reflecting transaction costs of $10 million related to our Kongsberg ICS acquisition in 2022. As a percentage of net sales, selling, general and administrative expenses were 3.3% in the first nine months of 2022, as compared to 3.5% in the first nine months of 2021.

Amortization of intangible assets was $56 million in the first nine months of 2022, as compared to $57 million in the first nine months of 2021. An impairment charge of $9 million was recognized in the first nine months of 2022 and 2021.

Interest expense was $75 million in the first nine months of 2022, as compared to $67 million in the first nine months of 2021, reflecting financing costs related to our Kongsberg ICS acquisition in 2022.

Other (income) expense, net, which includes non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, gains and losses on the disposal of fixed assets, the non-service cost components of net periodic benefit cost and other miscellaneous income and expense, was expense of $60 million in the nine months ended October 1, 2022, as compared to income of $29 million in the nine months ended October 2, 2021. In the first nine months of 2022, we recognized foreign exchange losses of $15 million related to foreign exchange rate volatility in Russia following the invasion of Ukraine and $11 million related to foreign currency contracts of the €140 million IGB purchase price to be paid pending closing of such transaction. In the first nine months of 2021, we recognized a gain of $46 million related to a favorable indirect tax ruling in a foreign jurisdiction and a loss of $1 million related to the impairment of an affiliate.

For the nine months ended October 1, 2022, the provision for income taxes was $86 million, representing an effective tax rate of 25.5% on pretax income before equity in net income of affiliates of $336 million. For the nine months ended October 2, 2021, the provision for income taxes was $119 million, representing an effective tax rate of 22.8% on pretax income before equity in net income of affiliates of $522 million, for reasons described below. For further information, see Note 14, "Income Taxes," to the condensed consolidated financial statements included in this Report.

In the first nine months of 2022 and 2021, the provision for income taxes was primarily impacted by the level and mix of earnings among tax jurisdictions. In the first nine months of 2022, we recognized net tax benefits of $5 million related to the release of tax reserves at several foreign subsidiaries, net tax expense of $3 million related to changes in valuation allowances on deferred tax assets of foreign subsidiaries and net tax benefits of $26 million related to restructuring charges and various other items. In the first nine months of 2021, we recognized net tax expense of $13 million related to changes in valuation allowances on deferred tax assets of foreign subsidiaries, tax expense of $9 million on a $46 million gain related to a favorable indirect tax ruling in a foreign jurisdiction and net tax benefits of $26 million related to the net release of tax reserves at several foreign subsidiaries, restructuring charges and various other items. Excluding these items, the effective tax rate for the first nine months of 2022 and 2021 approximated the U.S. federal statutory income tax rate of 21%, adjusted for income taxes on foreign earnings, losses and remittances, valuation allowances, tax credits, income tax incentives and other permanent items.

Equity in net income of affiliates was $21 million in the first nine months of 2022, as compared to $9 million in the first nine months of 2021, primarily reflecting the earnings of our Shenyang Jinbei Lear Automotive Seating joint venture established in the third quarter of 2021.

Net income attributable to Lear was $210 million, or $3.50 per diluted share, for the nine months ended October 1, 2022, as compared to $352 million, or $5.83 per diluted share, for the nine months ended October 2, 2021. Net income and diluted net income per share decreased for the reasons described above.

Reportable Operating Segments

We have two reportable operating segments: Seating and E-Systems. For a description of our reportable operating segments, see "Executive Overview" and "Three Months Ended October 1, 2022 vs. Three Months Ended October 2, 2021 — Reportable Operating Segments" above.

Seating

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

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Net sales	$ 11,674.4	$ 10,770.4
Segment earnings [(1)]	636.6	670.9
Margin	5.5 %	6.2 %

[(1)] See definition above

Seating net sales were $11.7 billion for the nine months ended October 1, 2022, as compared to $10.8 billion for the nine months ended October 2, 2021, an increase of $904 million or 8%. New business and higher production volumes on Lear platforms favorably impacted net sales by $569 million and $344 million, respectively. Net sales also benefited by $231 million and $141 million due to commodity recoveries and our Kongsberg ICS acquisition, respectively. These increases were partially offset by the impact of foreign exchange fluctuations, which reduced net sales by $501 million.

Segment earnings, including restructuring costs, and the related margin on net sales were $637 million and 5.5% for the nine months ended October 1, 2022, as compared to $671 million and 6.2% for the nine months ended October 2, 2021. The impact of selling price reductions, increased commodity costs, foreign exchange fluctuations and impairment charges related to our Russian operations was partially offset by favorable operating performance, including the benefit of operational restructuring actions. New business and higher production volumes on Lear platforms positively impacted segment earnings by $124 million.

E-Systems

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

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Net sales	$ 3,846.2	$ 3,612.9
Segment earnings [1]	64.7	108.4
Margin	1.7 %	3.0 %

[1] See definition above

E-Systems net sales were $3.8 billion for the nine months ended October 1, 2022, as compared to $3.6 billion for the nine months ended October 2, 2021, an increase of $233 million or 6%. New business and higher production volumes on Lear platforms favorably impacted net sales by $204 million and $112 million, respectively. Net sales also benefited by $200 million due to commodity recoveries. These increases were partially offset by foreign exchange fluctuations, which reduced net sales by $246 million.

Segment earnings, including restructuring costs, and the related margin on net sales were $65 million and 1.7% for the nine months ended October 1, 2022, as compared to $108 million and 3.0% for the nine months ended October 2, 2021. The impact of selling price reductions, increased commodity costs and foreign exchange fluctuations was partially offset by favorable operating performance, including the benefit of operational restructuring actions. New business and higher production volumes on Lear platforms positively impacted segment earnings by $32 million.

Other

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

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Net sales	$ —	$ —
Segment earnings[1]	(230.9)	(218.8)
Margin	N/A	N/A

[1] See definition above

Segment earnings related to our other category were ($231) million in the first nine months of 2022, as compared to ($219) million in the first nine months of 2021, primarily reflecting transactions costs of $10 million related to our Kongsberg ICS acquisition.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are to fund general business requirements, including working capital requirements, capital expenditures, operational restructuring actions and debt service requirements. Our principal sources of liquidity are cash flows from operating activities, borrowings under available credit facilities and our existing cash balance.

Cash Provided by Subsidiaries

A substantial portion of our operating income is generated by our subsidiaries. As a result, we are dependent on the earnings and cash flows of and the combination of dividends, royalties, intercompany loan repayments and other distributions and advances from our subsidiaries to provide the funds necessary to meet our obligations.

As of October 1, 2022 and December 31, 2021, cash and cash equivalents of $529 million and $661 million, respectively, were held in foreign subsidiaries and can be repatriated, primarily through the repayment of intercompany loans and the payment of dividends. There are no significant restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Lear.

For further information related to potential dividends from our non-U.S. subsidiaries, see Note 9, "Income Taxes," to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.

Adequacy of Liquidity Sources

As of October 1, 2022, we had $0.8 billion of cash and cash equivalents on hand and $2.0 billion in available borrowing capacity under our revolving credit facility. Together with cash provided by operating activities, we believe that this will enable us to meet our liquidity needs for the foreseeable future and to satisfy ordinary course business obligations. In addition, we expect to continue to pay quarterly cash dividends and repurchase shares of our common stock pursuant to our authorized common stock share repurchase program, although such actions are at the discretion of the Board and will depend upon our financial condition, results of operations, capital requirements, prevailing market conditions, alternative uses of capital and other factors that our Board may consider at its discretion.

Our future financial results and our ability to continue to meet our liquidity needs are subject to, and will be affected by, cash flows from operations, including the continuing effects of the COVID-19 pandemic, as well as restructuring activities, automotive industry conditions, the financial condition of our customers and suppliers, supply chain disruptions and other related factors. Additionally, an economic downturn or further reduction in production levels could negatively impact our financial condition.

For further discussion of the risks and uncertainties affecting our cash flows from operations and our overall liquidity, see "— Executive Overview" above, "— Forward-Looking Statements" below and Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2021, as supplemented and updated by Part II — Item 1A, "Risk Factors," in this Report.

Cash Flows

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

	Nine Months Ended		
	October 1, 2022	October 2, 2021	Increase (Decrease) in Cash Flow
Consolidated net income and depreciation and amortization	$ 706	$ 843	$ (137)
Net change in working capital items:			
Accounts receivable	(797)	356	(1,153)
Inventory	(112)	(393)	281
Accounts payable	571	(225)	796
Accrued liabilities and other	123	(68)	191
Net change in working capital items	(215)	(330)	115
Other	(7)	(10)	3
Net cash provided by operating activities	$ 484	$ 503	$ (19)
Net cash used in investing activities	$ (617)	$ (478)	$ (139)
Net cash used in financing activities	$ (313)	$ (232)	$ (81)

Operating Activities

In the first nine months of 2022 and 2021, net cash provided by operating activities was $484 million and $503 million, respectively. The impact of lower earnings in 2022 was largely offset by a smaller increase in working capital during the first nine months of 2022, as compared to the first nine months of 2021.

Investing Activities

Net cash used in investing activities was $617 million in the first nine months of 2022, as compared to $478 million in the first nine months of 2021. In the first nine months of 2022, we paid $184 million for our Kongsberg ICS acquisition and $10 million related to investments in affiliates. In the first nine months of 2021, we paid $49 million related to investments in affiliates. Capital spending was $443 million in the first nine months of 2022, as compared to $406 million in the first nine months of 2021. Capital spending is estimated to be $675 million to $700 million in 2022.

Financing Activities

Net cash used in financing activities was $313 million in the first nine months of 2022, as compared to $232 million in the first nine months of 2021. In the first nine months of 2022, we paid $75 million for repurchases of our common stock, $139 million of dividends to Lear stockholders and $85 million of dividends to noncontrolling interest holders. In the first nine months of 2021, we paid $99 million for repurchases of our common stock, $61 million of dividends to Lear stockholders and $81 million of dividends to noncontrolling interest holders.

Capitalization

Short-Term Borrowings

We utilize uncommitted lines of credit as needed for our short-term working capital fluctuations. As of October 1, 2022 and December 31, 2021, we had lines of credit from banks totaling $259 million and $96 million, respectively. As of October 1, 2022, we had short-term debt balances outstanding related to draws on our lines of credit of $4 million. As of December 31, 2021, there were no short-term debt balances outstanding related to draws on our lines of credit.

Senior Notes and Credit Agreement

For information related to our senior notes and credit agreement, see Note 9, "Debt," to the condensed consolidated financial statements included in this Report and Note 7, "Debt," to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.

Common Stock Share Repurchase Program

For information related to our common stock share repurchase program and dividends, see "— Executive Overview — Share Repurchase Program and Quarterly Cash Dividends" above, Note 16, "Comprehensive Income (Loss) and Equity," to the condensed consolidated financial statements included in this Report and Note 12, "Capital Stock, Accumulated Other Comprehensive Loss and Equity," to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.

Commodity Prices and Availability

Raw material, energy and commodity costs can be volatile, reflecting, among other things, changes in supply and demand, logistics issues, global trade and tariff policies, and geopolitical issues. We have commodity price risk with respect to purchases of certain raw materials, including steel, copper, diesel fuel, chemicals, resins and leather. Our primary commodity cost exposures relate to steel, copper and leather. We have developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, such as the selective in-sourcing of components, the continued consolidation of our supply base, longer-term purchase commitments, contractual recovery mechanisms and the selective expansion of low-cost country sourcing and engineering, as well as value engineering and product benchmarking. Further, the majority of the steel used in our products is comprised of fabricated components that are integrated into a seat system, such as seat frames, recliner mechanisms, seat tracks and other mechanical components. Therefore, our exposure to changes in steel prices is primarily indirect, through purchased components. Additionally, approximately 89% of our copper purchases and a significant portion of our leather and direct steel purchases are subject to price index agreements with our customers and suppliers. Certain of these strategies also may limit our opportunities in a declining commodity price environment. In the current environment of escalating raw material, energy and commodity costs, these strategies, together with commercial negotiations with our customers and suppliers, have only offset a portion of the adverse impact. If these costs increase, it could have an adverse impact on our operating results in the foreseeable future. See "— Forward-Looking Statements" below and Item 1A, "Risk Factors — Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect our financial performance," in our Annual Report on Form 10-K for the year ended December 31, 2021, as supplemented and updated by Part II — Item 1A, "Risk Factors," in this Report.

For further information related to the financial instruments described above, see Note 19, "Financial Instruments," to the condensed consolidated financial statements included in this Report.

OTHER MATTERS

Legal and Environmental Matters

We are involved from time to time in various legal proceedings and claims, including, without limitation, commercial and contractual disputes, product liability claims and environmental and other matters. As of October 1, 2022, we have recorded reserves for pending legal disputes, including commercial disputes, product liability claims and other legal matters of $16 million. In addition, as of October 1, 2022, we have recorded reserves for product warranty and recall claims and environmental matters of $36 million and $8 million, respectively. Although these reserves were determined in accordance with GAAP, the ultimate outcomes of these matters are inherently uncertain, and actual results may differ significantly from current estimates. For a description of risks related to various legal proceedings and claims, see Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2021. For a more complete description of our outstanding material legal proceedings, see Note 17, "Legal and Other Contingencies," to the condensed consolidated financial statements included in this Report.

Significant Accounting Policies and Critical Accounting Estimates

Certain of our accounting policies require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on our historical experience, the terms of existing contracts, our evaluation of trends in the industry, information provided by our customers and suppliers and information available from other outside sources, as appropriate. However, these estimates and assumptions are subject to an inherent degree of uncertainty. As a result, actual results in these areas may differ significantly from our estimates. For a discussion of our significant accounting policies and critical accounting estimates, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Policies and Critical Accounting Estimates," and Note 2, "Summary of Significant Accounting Policies," to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no significant changes in our significant accounting policies or critical accounting estimates during the first nine months of 2022.

Recently Issued Accounting Pronouncements

For information on the impact of recently issued accounting pronouncements, see Note 20, "Accounting Pronouncements," to the condensed consolidated financial statements included in this Report.

Forward-Looking Statements

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

- general economic conditions in the markets in which we operate, including changes in interest rates or currency exchange rates;
- the impact of the COVID-19 pandemic on our business and the global economy;
- changes in actual industry vehicle production levels from our current estimates;
- fluctuations in the production of vehicles or the loss of business with respect to, or the lack of commercial success of, a vehicle model for which we are a significant supplier;
- the outcome of customer negotiations and the impact of customer-imposed price reductions;
- increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components and our ability to mitigate such costs and insufficient availability;
- disruptions in relationships with our suppliers;
- the financial condition of and adverse developments affecting our customers and suppliers;
- risks associated with conducting business in foreign countries, including the risk of war or other armed conflicts;
- currency controls and the ability to economically hedge currencies;

- global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary unions, international treaties and fiscal policies;
- competitive conditions impacting us and our key customers and suppliers;
- labor disputes involving us or our significant customers or suppliers or that otherwise affect us;
- the operational and financial success of our joint ventures;
- our ability to attract, develop, engage and retain qualified employees;
- our ability to respond to the evolution of the global transportation industry;
- the outcome of an increased emphasis on global climate change and other ESG matters by stakeholders;
- the impact of global climate change;
- the impact and timing of program launch costs and our management of new program launches;
- changes in discount rates and the actual return on pension assets;
- impairment charges initiated by adverse industry or market developments;
- our ability to execute our strategic objectives;
- limitations imposed by our existing indebtedness and our ability to access capital markets on commercially reasonable terms;
- disruptions to our information technology systems, or those of our customers or suppliers, including those related to cybersecurity;
- increases in our warranty, product liability or recall costs;
- the outcome of legal or regulatory proceedings to which we are or may become a party;
- the impact of pending legislation and regulations or changes in existing federal, state, local or foreign laws or regulations;
- the impact of regulations on our foreign operations;
- costs associated with compliance with environmental laws and regulations;
- developments or assertions by or against us relating to intellectual property rights;
- the impact of potential changes in tax and trade policies in the United States and related actions by countries in which we do business; and
- other risks described in Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2021, as supplemented and updated by Part II — Item 1A, "Risk Factors," in this Report, and in our other Securities and Exchange Commission filings.

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

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Foreign Exchange

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

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

	October 1, 2022	December 31, 2021
Notional amount (contract maturities < 24 months)	$ 1,874	$ 1,523
Fair value	20	6

Currently, our most significant foreign currency transactional exposures relate to the Mexican peso, various European currencies, the Honduran lempira, the Japanese yen, the Chinese renminbi and the Brazilian real.

A sensitivity analysis of our net transactional exposure is shown below (in millions):

		Potential Earnings Benefit (Adverse Earnings Impact)	
	Hypothetical Strengthening % [1]	October 1, 2022	December 31, 2021
U.S. dollar	10%	$ 4	$ 7
Euro	10%	22	(7)

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

A sensitivity analysis related to the aggregate fair value of our outstanding foreign exchange contracts is shown below (in millions):

		Estimated Change in Fair Value	
	Hypothetical Change % [2]	October 1, 2022	December 31, 2021
U.S. dollar	10%	$ 69	$ 48
Euro	10%	49	49

[2] Relative to all other currencies to which it is exposed for a twelve-month period

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

In addition to the transactional exposure described above, our operating results are impacted by the translation of our foreign operating income into U.S. dollars ("translational exposure"). In 2021, net sales outside of the United States accounted for 77% of our consolidated net sales, although certain non-U.S. sales are U.S. dollar denominated. We do not enter into foreign exchange contracts to mitigate our translational exposure.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

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

(b) Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the fiscal quarter ended October 1, 2022, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

In February 2022, the Company completed the acquisition of substantially all of Kongsberg Automotive's Interior Comfort Systems business unit ("Kongsberg ICS") and is currently integrating Kongsberg ICS into its operations, compliance programs and internal control processes. Kongsberg ICS constituted approximately 3% of the Company's total assets as of October 1, 2022, including goodwill and intangible assets recorded as part of the purchase price allocations, and approximately 2% of the Company's net sales in the nine months ended October 1, 2022. Securities and Exchange Commission rules and regulations allow companies to exclude acquisitions from their assessment of the internal control over financial reporting during the first year following an acquisition while integrating the acquired company. The Company will exclude the acquired operations of Kongsberg ICS from its assessment of the Company's internal control over financial reporting as of December 31, 2022.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

We are involved from time to time in various legal proceedings and claims, including, without limitation, commercial or contractual disputes, product liability claims and environmental and other matters. For a description of risks related to various legal proceedings and claims, see Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2021. For a description of our outstanding material legal proceedings, see Note 17, "Legal and Other Contingencies," to the condensed consolidated financial statements included in this Report.

ITEM 1A — RISK FACTORS

There have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, except for the modification of the risk factor set forth below:

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

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

  Due to the overall global economic conditions in 2020, largely as a result of the COVID-19 pandemic, the automotive industry experienced a decline in global customer sales and production volumes. Although industry production increased 3% in 2021 over 2020 and is expected to increase 7% in 2022 over 2021 (based on October 2022 S&P Global Mobility, formerly IHS Markit, projections), production remains well below recent historic levels and consumer demand. This is largely due to the continuing impact of the COVID-19 pandemic, particularly through supply shortages and, to a lesser extent, the resurgence of the virus in certain regions, as well as the Russia-Ukraine conflict. The automotive industry is suffering from supply chain delays and stoppages due to shipping delays resulting in increased freight costs and closed supplier facilities and distribution centers. The industry also is facing workforce and staffing shortages, as well as scarcity and increases in prices of raw materials. As a result, we have experienced and may continue to experience reductions in orders from our customers in certain regions. An economic downturn or other adverse industry conditions that result in a decline in the production levels of our major customers, particularly with respect to models for which we are a significant supplier, or the financial distress of one or more of our major customers could reduce our sales or otherwise adversely affect our financial condition, operating results and cash flows. Further, our ability to reduce the risks inherent in certain concentrations of business, and thereby maintain our financial performance in the future, will depend, in part, on our ability to continue to diversify our sales on a customer, product, platform and geographic basis to reflect the market overall. We may not be successful in such diversification.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

As discussed in Part I — Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Share Repurchase Program and Quarterly Cash Dividends," and Note 16, "Comprehensive Income (Loss) and Equity," to the condensed consolidated financial statements included in this Report, we have a remaining repurchase authorization of $1,254.5 million under our ongoing common stock share repurchase program.

A summary of the shares of our common stock repurchased during the quarter ended October 1, 2022, is shown below:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
July 3, 2022 through July 30, 2022	37,426	$126.59	37,426	$ 1,274.8
July 31, 2022 through August 27, 2022	33,793	$142.40	33,793	1,270.0
August 28, 2022 through October 1, 2022	115,973	$133.38	115,973	1,254.5
Total	187,192	$133.65	187,192	$ 1,254.5

ITEM 6 — EXHIBITS

Exhibit Index

	Exhibit Number		Exhibit Name
**	10.1	*	Amended and Restated Employment Agreement, dated September 21, 2022, between Lear Corporation and Thomas A. DiDonato.
**	10.2	*	Amended and Restated Employment Agreement, dated September 21, 2022, between Lear Corporation and Harry A. Kemp.
**	31.1		Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
**	31.2		Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
**	32.1		Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**	32.2		Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
***	101.INS		XBRL Instance Document
****	101.SCH		XBRL Taxonomy Extension Schema Document.
****	101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document.
****	101.LAB		XBRL Taxonomy Extension Label Linkbase Document.
****	101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document.
****	101.DEF		XBRL Taxonomy Extension Definition Linkbase Document.
***	104		Cover Page Interactive Data File

*	Compensatory plan or arrangement.
**	Filed herewith.
***	The XBRL Instance Document and Cover Page Interactive Data File do not appear in the Interactive Data File because their XBRL tags are embedded within the Inline XBRL document.
****	Submitted electronically with the Report.

LEAR CORPORATION

SIGNATURES

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

LEAR CORPORATION

Dated:	November 1, 2022	By:	/s/ Raymond E. Scott
			Raymond E. Scott President and Chief Executive Officer
		By:	/s/ Jason M. Cardew
			Jason M. Cardew Senior Vice President and Chief Financial Officer

Exhibit 10.1

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is dated as of _______________, 2022, between Lear Corporation, a Delaware corporation (the "Company") and Thomas A. DiDonato ("Executive").

WHEREAS, the Company and Executive are currently parties to an existing employment agreement, dated April 2, 2012 (the "Existing Agreement"), pursuant to which Executive serves as Senior Vice President and Chief Administrative Officer, Human Resources of the Company;

WHEREAS, Executive agrees to assume his new position described herein and has delivered to the Chief Executive Officer of the Company, concurrently with the execution of this Agreement, his written resignation as Senior Vice President and Chief Administrative Officer, Human Resources of the Company, effective January 15, 2023 (the "Transition Date");

WHEREAS, the parties have agreed that Executive will remain employed by the Company in a non-executive transition and advisory role from and after the Transition Date through September 30, 2023 (the "Retirement Date");

WHEREAS, the Company desires to have the benefit of Executive's continued service and the restrictive covenants contained herein; and

WHEREAS, the parties desire to enter into this Agreement in order to set forth the terms of Executive's continuing employment through the Retirement Date.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. **Effectiveness and Term of Agreement.** This Agreement shall commence immediately following the Transition Date and shall continue until the date of Executive's retirement on the Retirement Date or until Executive's employment earlier terminates as provided herein (the "Term"). Executive has delivered to the Chief Executive Officer of the Company concurrently with the execution of this Agreement a written resignation as Senior Vice President and Chief Administrative Officer, Human Resources of the Company, which resignation shall become effective as of the Transition Date. Notwithstanding anything herein to the contrary, all provisions of the Existing Agreement will continue to apply until the Transition Date, at which time the Existing Agreement shall hereby terminate, and the terms of this Agreement will apply and shall supersede the terms of the Existing Agreement in their entirety.

2. **Terms of Employment.** During the Term, Executive agrees to be a non-executive employee of the Company, serving solely in a consulting and advisory role to the Company's Chief Executive Officer. Executive agrees to assist, as reasonably requested by the Company's Chief Executive Officer, with the transition of his role following the Transition Date, including, but not limited to, working on special projects and community relations efforts (collectively, the "Transition Services"). Executive will provide the Transition Services on an as-needed basis and it is expected that over the course of the Term, Executive will devote an average of approximately forty (40) hours per month to providing the Transition Services. Executive agrees to discharge the Transition

Services as may be reasonably directed by the Company's Chief Executive Officer, and to use his best efforts to perform faithfully and efficiently such Transition Services. Nothing herein shall prohibit Executive from devoting his time to civic and community activities, serving as a member of the boards of directors of other corporations that do not compete with the Company, or managing personal investments, as long as the foregoing do not interfere with the performance of Executive's duties hereunder or violate the terms of the Company's Code of Business Conduct and Ethics, the Company's Corporate Governance Guidelines, or other policies applicable to the Company's executives generally, as those policies may be amended from time to time by the Company.

3. Compensation.

a. As compensation for Executive's services during the Term under this Agreement, Executive shall be entitled to receive a base salary of $10,000 per month, to be paid in accordance with existing payroll practices for executives of the Company. In addition, Executive shall be eligible to receive an annual incentive compensation bonus with respect to the 2022 performance year ("Bonus"). Such Bonus shall be determined based on Executive's base salary as it was in effect for the period in the 2022 performance year, prior to the Transition Date, during which Executive served as Senior Vice President and Chief Administrative Officer, Human Resources of the Company.

b. During the Term, Executive shall not be eligible to receive any awards under the Company's 2019 Long-Term Stock Incentive Plan or any successor plan (the "LTSIP"). For the avoidance of doubt, and notwithstanding anything contained herein to the contrary, Executive's long-term incentive awards granted under the LTSIP that remain outstanding as of the Transition Date shall continue to be governed by the terms of such awards in effect immediately prior to the execution of this Agreement.

c. During the Term, Executive shall be eligible for participation in the welfare, retirement, fringe benefit, and other benefit plans, practices, policies and programs, as may be in effect from time to time, for senior executives of the Company generally (collectively, the "Employee Benefit Plans").

d. During the Term, Executive shall be eligible for prompt reimbursement for business expenses reasonably incurred by Executive in accordance with the Company's policies, as may be in effect from time to time, for its senior executives generally.

e. During the Term, the Company shall provide Executive with reasonable office space, which office space may differ from that provided to Executive immediately prior to the Transition Date.

4. Termination of Employment Prior to Retirement Date.

a. **Notice.** The employment relationship may be terminated prior to the Retirement Date by the Company with or without Cause or for Incapacity, or by Executive with or without Good Reason, all as defined below, by giving a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. All notices under this Section 4(a) shall be given in accordance with the requirements of Section 8.

b. **Incapacity.** If the Company reasonably determines that Executive is unable at any time to perform the duties of Executive's position because of a serious illness, injury, impairment, or physical or mental condition and Executive is not eligible for or has exhausted all leave to which Executive may be entitled under the Family and Medical Leave Act ("FMLA") or, if more generous, other applicable state or local law, the Company may terminate Executive's employment for "Incapacity". In addition, at any time that Executive is on a leave of absence, the Company may temporarily reassign the duties of Executive's position to one or more other executives without creating a basis for Executive's Good Reason resignation, provided that the Company restores such duties to Executive upon Executive's return to work.

c. **Cause.** Termination of Executive's employment for "Cause" shall mean termination upon:

  i. an act of fraud, embezzlement or theft by Executive in connection with Executive's duties or in the course of Executive's employment with the Company;
  ii. Executive's material breach of any provision of this Agreement, provided that in those instances in which Executive's material breach is capable of being cured, Executive has failed to cure within a thirty (30) day period after notice from the Company;
  iii. an act or omission, which is (x) willful or grossly negligent, (y) contrary to established policies or practices of the Company, and (z) materially harmful to the business or reputation of the Company, or to the business of the Company's customers or suppliers as such relate to the Company; or
  iv. a plea of *nolo contendere* to, or conviction for, a felony.

d. **Good Reason.** For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances or events:

  i. the failure by the Company to pay or provide to Executive any amounts of base salary or earned incentive compensation or any benefits which are due, owing and payable to Executive, or to pay to Executive any portion of an installment of deferred compensation due under any deferred compensation program of the Company;
  ii. the failure by the Company to continue to provide Executive with benefits substantially similar in the aggregate to the Company's life insurance, medical, dental, health, accident or disability plans in which Executive is participating at the date of this Agreement;
  iii. the transfer of Executive's principal place of employment to a location fifty (50) or more miles from its location immediately preceding the transfer; or
  iv. without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company.

Notwithstanding anything else herein, Good Reason shall not exist if, with regard to the circumstances or events relied upon in Executive's Notice of Termination: (x) Executive failed to provide a Notice of Termination to the Company within sixty (60) days of the date Executive knew or should have known of such circumstances or events, (y) the circumstances or events are fully corrected by the Company prior to the Date of Termination, or (z) Executive gives Executive's express written consent to the circumstances or events. Notwithstanding anything to the contrary in this Agreement, Executive agrees and acknowledges that (i) Executive’s written notice of resignation as Senior Vice President and Chief Administrative Officer, Human Resources of the Company, effective as of the Transition Date, which Executive has delivered to the Chief Executive Officer of the Company concurrently with the execution of this Agreement; (ii) Executive’s execution of this Agreement; and (iii) the termination of the Existing Agreement upon the effectiveness of this Agreement shall not, either alone or together, give rise to a termination of employment by Executive for Good Reason or a termination by the Company without Cause pursuant to the Existing Agreement.

e. **Date of Termination.** “Date of Termination” shall mean the Retirement Date, or, if earlier, the first to occur of the following:

   i. if Executive's employment is terminated by reason of Executive's death, the date of Executive's death;

   ii. if Executive's employment is terminated by the Company for any reason other than because of Executive's death, the date specified in the Notice of Termination (which shall not be prior to the date of the notice);

   iii. if Executive's employment is terminated by Executive for any reason, the Date of Termination shall be not less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given, or such earlier date after the date such Notice of Termination is given as may be identified by the Company. Unless the Company instructs Executive not to do so, Executive shall continue to perform services as provided in this Agreement through the Date of Termination.

f. **Employee Benefits.** A termination by the Company pursuant to Section 4(c) hereof or by Executive pursuant to Section 4(d) hereof shall not affect any rights which Executive may have pursuant to any Employee Benefit Plans, which rights shall be governed by the terms thereof.

5. Compensation Upon Termination Prior to Retirement Date by the Company or by Executive for Any Reason.

a. If, prior to the Retirement Date, Executive's employment shall be terminated by the Company for Incapacity, for Cause or without Cause, by Executive for or without Good Reason, or upon Executive's death, the Company shall pay to Executive (or, in the event of Executive's death, to Executive's beneficiary or estate), when the same would otherwise have been due, any accrued amounts then payable to Executive through the Date of Termination pursuant to any Employee Benefit Plans and shall have no further obligations under this Agreement, other than as set forth in Section 5(b) hereof, to the extent applicable.

b. If, prior to the Retirement Date, Executive’s employment shall be terminated by the Company for Incapacity or for any reason other than Cause, by Executive for Good Reason, or upon Executive’s death, (i) any unvested awards under the LTSIP held by Executive that vest based on the passage of time shall immediately vest in their entirety upon such termination, and (ii) with respect to unvested awards under the LTSIP held by

Executive that vest based on the achievement of performance criteria, Executive shall be entitled to receive a pro rata portion (based on the number of full calendar months elapsing in the applicable performance period through September 30, 2023) of the amount Executive would have been entitled to receive under such awards (and at the same time) had he remained employed until the last day of the applicable performance period:

c. The Company may not set-off or counterclaim losses, fines or damages in respect of any claim, debt or obligation against any payment to or benefit for Executive provided for in this Agreement.

6. **Travel.** Executive shall be required to travel to the extent reasonably necessary for the performance of Executive's responsibilities under this Agreement.

7. **Successors; Binding Agreement.** The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, and will assign its rights and obligations hereunder to such successor. Failure of the Company to make such an assignment and to obtain such assumption and agreement prior to the effectiveness of any such succession, unless Executive agrees otherwise in writing with the Company or the successor, shall entitle Executive to compensation from the Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive terminates Executive's employment for Good Reason and the date on which any such succession becomes effective shall be deemed Executive's Date of Termination. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in this Section 7. Without limiting the generality of the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 7, the Company shall have no liability to pay to the purported assignee or transferee any amount so attempted to be assigned or transferred. The Company and Executive recognize that each party will have no adequate remedy at law for any material breach by the other of any of the agreements contained herein and, in the event of any such breach, the Company and Executive hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of this Agreement.

8. **Notices.** For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing, and shall be deemed to have been duly given when delivered by hand, or mailed by United States certified mail, return receipt requested, postage prepaid, or sent by Federal Express or similar overnight courier service, addressed to the respective addresses set forth on the signature page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if Executive is the Secretary at the time such notice is to be given, to the Chairman of the Company's Board of Directors (the

"Board")), or to such other address or facsimile number as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. Noncompetition.

a. Executive agrees not to directly or indirectly engage in any Competitive Activity from the Transition Date until two (2) years after the Date of Termination. For purposes of this Agreement, the term "Competitive Activity" shall mean Executive's participation as an employee, director or consultant, without the written consent of the Board or any authorized committee thereof, in the management of any business enterprise anywhere in the world if such enterprise is a "Significant Customer" of any product or service of the Company or any of its affiliates or engages in competition with any product or service of the Company or any of its affiliates (including without limitation any enterprise that is a supplier to an original equipment automotive vehicle manufacturer) or is planning to engage in such competition. For purposes of this Agreement, the term "Significant Customer" shall mean any customer who represents in excess of 5% of the Company's sales or any of its affiliate's sales in any of the three calendar years prior to the date of determination. "Competitive Activity" shall not include the mere ownership of, and exercise of rights appurtenant to, securities of a publicly-traded company representing 5% or less of the total voting power and 5% or less of the total value of such an enterprise. Executive agrees that the Company is a global business and that it is appropriate for this Section 9 to apply to Competitive Activity conducted anywhere in the world.

b. Executive agrees not to directly or indirectly, either on Executive's own account or with or for anyone else, solicit or attempt to solicit any of the Company's customers or any of its affiliate's customers, solicit or attempt to solicit for any business endeavor or hire or attempt to hire any employee of the Company or any of its affiliates, or otherwise divert or attempt to divert from the Company or any of its affiliates any business whatsoever or interfere with any business relationship between the Company or any of its affiliates and any other person, for a period of two (2) years after the Date of Termination.

c. Executive acknowledges and agrees that damages in the event of a breach or threatened breach of the covenants in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agrees that the Company, in addition to seeking actual damages, may seek specific enforcement of the covenant not to compete in any court of competent jurisdiction, including, without limitation, by the issuance of a temporary or permanent injunction, without the necessity of a bond. Executive and the Company agree that the provisions of this covenant not to compete are reasonable. However, should any court or arbitrator determine that any provision of this covenant not to compete is unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this covenant not to compete should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

10. **Confidentiality and Cooperation.**

a. Executive shall not knowingly use, disclose or reveal to any unauthorized person, at any time after the Transition Date, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, pricing or cost information, and all other such information; and Executive confirms that such information is the exclusive property of the Company and its affiliates. Upon termination of Executive's employment, Executive agrees to return to the Company on demand by the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by Executive or otherwise in Executive's possession.

b. Any design, engineering methods, techniques, discoveries, inventions (whether patentable or not), formulae, formulations, technical and product specifications, bill of materials, equipment descriptions, plans, layouts, drawings, computer programs, assembly, quality control, installation and operating procedures, operating manuals, strategic, technical or marketing information, designs, data, secret knowledge, know-how and all other information of a confidential nature prepared or produced during the period of Executive's employment and which. ideas, processes, and other materials or information relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not Executive should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

c. Following the termination of Executive's employment, Executive agrees to make himself reasonably available to the Company to respond to periodic requests for information relating to the Company or Executive's employment which may be within Executive's knowledge. Executive further agrees to cooperate fully with the Company in connection with any and all existing or future depositions, litigation, or investigations brought by or against the Company, any entity related to the Company, or any of its (their) agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent the Company deems Executive's cooperation necessary. In the event that Executive is subpoenaed in connection with any litigation or investigation, Executive will immediately notify the Company. Executive shall not receive any additional compensation, other than reimbursement for reasonable costs and expenses incurred by Executive, in complying with the terms of this Section 10(c).

d. For the avoidance of doubt, this Section 10 does not prohibit or restrict Executive (or Executive’s attorney) from responding to any inquiry about this Agreement or its underlying facts and circumstances by the Securities and Exchange Commission, the Financial Industry Regulatory Authority, any other self-regulatory organization or governmental entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Executive understands and acknowledges that he does not need the prior authorization of the Company to make any such reports or disclosures and that he is not required to notify the Company that he has made such reports or disclosures.

11. **Arbitration.**

a. Except as contemplated by Section 9(c) or Section 11(c) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan, before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by an individual to be designated by the Company and an individual to be selected by Executive, or if such two individuals cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association, and such arbitration shall be conducted in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect.

b. The parties agree to use their best efforts to cause (i) the two individuals set forth in the preceding Section 11(a), or, if applicable, the American Arbitration Association, to appoint the arbitrator within thirty (30) days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (ii) any arbitration hearing to be held within thirty (30) days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing, at such time.

c. Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that Executive shall be entitled to seek specific performance of Executive's right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and Executive hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement. If any dispute under this Section 11 shall be pending, Executive shall continue to receive at a minimum the base salary which Executive was receiving immediately prior to the act or omission which forms the basis for the dispute. At the close of the arbitration, such continued base salary payments may be offset against any damages awarded to Executive or may be recovered from Executive if it is determined that Executive was not entitled to the continued payment of base salary under the other provisions of this Agreement.

12. **Modifications.** No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both Executive and such officer of the Company as may be specifically designated by the Board.

13. **No Implied Waivers.** Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party to exercise any of its rights provided herein shall not constitute a waiver of such right.

14. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan without giving effect to any conflicts of laws rules.

15. **Payments Net of Taxes.** Any payments provided for herein which are subject to Federal, State, local or other governmental tax or other withholding requirements or obligations, shall have such amounts withheld prior to payment, and the Company shall be considered to have fully satisfied its obligation hereunder by making such payments to Executive net of and after deduction for all applicable withholding obligations.

16. **Capacity of Parties.** The parties hereto warrant that they have the capacity and authority to execute this Agreement.

17. **Validity.** The invalidity or unenforceability of any provision of this Agreement shall not, at the option of the party for whose benefit such provision was intended, affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

18. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

19. **Entire Agreement.** Provided that Executive has delivered a written notice of resignation to the Chief Executive Officer of the Company in accordance with Section 1 hereof, upon the Transition Date, this Agreement will contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement (including, but not limited to, the Existing Agreement), condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

20. **Legal Fees and Expenses.** It is the intent of the Company that Executive not be required to incur the expenses associated with the enforcement of Executive's rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to Executive hereunder. Accordingly, the Company shall pay or cause to be paid and be solely responsible for any and all reasonable attorneys' and related fees and expenses incurred by Executive (i) as a result of the Company's failure to perform this Agreement or any provision hereof or (ii) as a result of the Company unreasonably or maliciously contesting the validity or enforceability of this Agreement or any provision hereof as aforesaid.

21. **Code Section 409A.** Notwithstanding anything to the contrary in Section 5 hereof, and to the maximum extent permitted by law, this Agreement shall be interpreted in such a manner that all payments to Executive under this Agreement are either exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and other interpretive guidance issued thereunder (collectively, "Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Transition Date. For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be. treated as a right to a series of separate payments.

    The "Lear Corporation Code Section 409A Policies and Procedures" as in effect on the Transition Date are hereby incorporated by reference in this Agreement as if set forth herein, and shall supersede any conflicting provisions of this Agreement.

22. **No Excise Tax Gross-Up; Possible Reduction of Payments.**

    a. If it is determined that any amount or benefit to be paid or payable to Executive under this Agreement or otherwise in conjunction with his employment (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in conjunction with his employment) would give rise to liability of Executive for the excise tax imposed by Section 4999 of the Code, as amended from time to time, or any successor provision (the "Excise Tax"), then the amount or benefits payable to Executive (the total value of such amounts or benefits, the "Payments") shall be reduced by the Company to the extent necessary so that no portion of the Payments to Executive is subject to the Excise Tax; provided, however, such reduction shall be made only if it results in the Executive retaining a greater amount of Payments on an after-tax basis (taking into account the Excise Tax and applicable federal, state, and local income and payroll taxes). In the event Payments are required to be reduced pursuant to this Section 22(a), they shall be reduced in the following order of priority in a manner consistent with Section 409A: (i) first from cash compensation, (ii) next from equity compensation, then (iii) pro-rata among all remaining Payments and benefits.

b. The independent public accounting firm serving as the Company's auditing firm, or such other accounting firm, law firm or professional consulting services provider of national reputation and experience reasonably acceptable to the Company and Executive (the "Accountants") shall make in writing in good faith all calculations and determinations under this Section 22, including the assumptions to be used in arriving at any calculations. For purposes of making the calculations and determinations under this Section 22, the Accountants and each other party may make reasonable assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and Executive shall furnish to the Accountants and each other such information and documents as the Accountants and each other may reasonably request to make the calculations and determinations under this Section 22. The Company shall bear all costs the Accountants incur in connection with any calculations contemplated hereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

	LEAR CORPORATION
By:	
Name:	Raymond E. Scott
Title:	President and Chief Executive Officer
Address:	21557 Telegraph Road
	Southfield, MI 48033

EXECUTIVE

Thomas A. DiDonato
[contact information
Intentionally omitted]

Exhibit 10.2

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is dated as of September___, 2022, between Lear Corporation, a Delaware corporation (the "Company") and Harry A. Kemp ("Executive").

WHEREAS, the Company has employed Executive in various senior officer positions, most recently as Senior Vice President General Counsel and Corporate Secretary of the Company;

WHEREAS, Executive has been appointed to the position of Senior Vice President, Chief Administrative Officer and General Counsel of the Company, effective October 1, 2022 (the "Effective Date");

WHEREAS, the Company desires to have the benefit of Executive's continued service and the restrictive covenants contained herein; and

WHEREAS, in recognition of Executive's promotion to the position of Senior Vice President, Chief Administrative Officer and General Counsel of the Company, the parties desire to enter into this Agreement in order to set forth the terms of Executive's continuing employment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. **Term of Agreement.** This Agreement shall commence on and as of the Effective Date and continue until Executive's employment has terminated and the obligations of the parties hereunder have terminated or expired or have been satisfied in accordance with their terms, or if earlier, upon the execution of a new employment agreement by the parties hereto (the "Term").

2. **Terms of Employment.** During the Term, Executive agrees to be a full-time employee of the Company serving in the position of Senior Vice President, Chief Administrative Officer and General Counsel of the Company. Executive agrees to devote substantially all of Executive's working time and attention to the business and affairs of the Company, to discharge the responsibilities associated with Executive's position with the Company, and to use Executive's best efforts to perform faithfully and efficiently such responsibilities. Nothing herein shall prohibit Executive from devoting Executive's time to civic and community activities, serving as a member of the board of directors of other corporations that do not compete with the Company, or managing personal investments, as long as the foregoing do not interfere with the performance of Executive's duties hereunder or violate the terms of the Company's Code of Business Conduct and Ethics, the Company's Corporate Governance Guidelines, or other policies applicable to the Company's executives generally, as those policies may be amended from time to time by the Company.

3. **Compensation.**

(a) As compensation for Executive's services under this Agreement, Executive shall be entitled during the Term to receive an initial base salary the annualized amount of which shall be $700,000.00, effective October 1, 2022, to be paid in accordance with existing payroll practices for executives of the Company. Increases in Executive's base salary, if any, shall be as approved by the Compensation Committee of the Board of Directors of the Company (the "Board"). In addition, Executive shall be eligible to receive an annual incentive compensation bonus ("Bonus") and awards under the Company's 2019 Long-Term Stock Incentive Plan or successor plan (the "LTSIP"), each to be approved from time to time by the Compensation Committee of the Board.

(b) During the Term, Executive shall be eligible for participation in the welfare, retirement, and other benefit plans, practices, policies and programs, as may be in effect from time to time, for senior executives of the Company generally.

(c) During the Term, Executive shall be eligible for prompt reimbursement for business expenses reasonably incurred by Executive in accordance with the Company's policies, as may be in effect from time to time, for its senior executives generally.

4. **Termination of Employment.**

(a) **Notice.** The employment relationship may be terminated by the Company with or without Cause or for Incapacity, or by Executive with or without Good Reason, all as defined below, by giving a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. All notices under this Section 4(a) shall be given in accordance with the requirements of Section 8.

(b) **Incapacity.** If the Company reasonably determines that Executive is unable at any time to perform the duties of Executive's position because of a serious illness, injury, impairment, or physical or mental condition and Executive is not eligible for or has exhausted all leave to which Executive may be entitled under the Family and Medical Leave Act ("FMLA") or, if more generous, other applicable state or local law, the Company may terminate Executive's employment for "Incapacity". In addition, at any time that Executive is on a leave of absence, the Company may temporarily reassign the duties of Executive's position to one or more other executives without creating a basis for Executive's Good Reason resignation, provided that the Company restores such duties to Executive upon Executive's return to work.

(c) **Cause.** Termination of Executive's employment for "Cause" shall mean termination upon:

(i) an act of fraud, embezzlement or theft by Executive in connection with Executive's duties or in the course of Executive's employment with the Company;

(ii) Executive's material breach of any provision of this Agreement, provided that in those instances in which Executive's material breach is capable of being cured, Executive has failed to cure within a thirty (30) day period after notice from the Company;

(iii) an act or omission, which is (x) willful or grossly negligent, (y) contrary to established policies or practices of the Company, and (z) materially harmful to the business or reputation of the Company, or to the business of the Company's customers or suppliers as such relate to the Company; or

(iv) a plea of nolo contendere to, or conviction for, a felony.

(d) **Good Reason.** For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances or events:

(i) any reduction by the Company in Executive's base salary or adverse change in the manner of computing Executive's incentive compensation opportunity, as in effect from time to time;

(ii) the failure by the Company to pay or provide to Executive any amounts of base salary or earned incentive compensation or any benefits which are due, owing and payable to Executive, or to pay to Executive any portion of an installment of deferred compensation due under any deferred compensation program of the Company;

(iii) the failure by the Company to continue to provide Executive with benefits substantially similar in the aggregate to the Company's life insurance, medical, dental, health, accident or disability plans in which Executive is participating at the date of this Agreement;

(iv) except on a temporary basis as described in Section 4(b), a material adverse change in Executive's responsibilities, position, reporting relationships, authority or duties. For purposes of clarification, Executive agrees that it will not be a material adverse change for the Company to reassign Executive to a position with at least substantially similar responsibilities and authority;

(v) the transfer of Executive's principal place of employment to a location fifty (50) or more miles from its location immediately preceding the transfer; or

(vi) without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company.

Notwithstanding anything else herein, Good Reason shall not exist if, with regard to the circumstances or events relied upon in Executive's Notice of Termination: (x) Executive failed to provide a Notice of Termination to the Company within sixty (60) days of the date Executive knew or should have known of such circumstances or events, (y) the circumstances or events are fully corrected by the Company prior to the Date of Termination, or (z) Executive gives Executive's express written consent to the circumstances or events.

(e) **Date of Termination.** "Date of Termination" shall mean:

(i) if Executive's employment is terminated by reason of Executive's death, the date of Executive's death;

(ii) if Executive's employment is terminated by the Company for any reason other than because of Executive's death, the date specified in the Notice of Termination (which shall not be prior to the date of the notice);

(iii) if Executive's employment is terminated by Executive for any reason, the Date of Termination shall be not less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given, or such earlier date after the date such Notice of Termination is given as may be identified by the Company.

Unless the Company instructs Executive not to do so, Executive shall continue to perform services as provided in this Agreement through the Date of Termination.

(f) **Employee Benefits.** A termination by the Company pursuant to Section 4(c) hereof or by Executive pursuant to Section 4(d) hereof shall not affect any rights which Executive may have pursuant to any other agreement, policy, plan, program or arrangement of the Company providing employee benefits, which rights shall be governed by the terms thereof and by Section 5; provided, however, that if Executive shall have received or shall be receiving benefits under Section 5(b) hereof, Executive shall not be entitled to receive benefits under any other policy, plan, program or arrangement of the Company providing severance compensation to which Executive would otherwise be entitled.

5. **Compensation Upon Termination.** Upon Executive's termination of employment, Executive shall receive:

(a) If Executive's employment shall be terminated by the Company for Incapacity or for Cause, by Executive without Good Reason, or upon Executive's death, the Company shall pay to Executive (or, in the event of Executive's death, to Executive's beneficiary or estate), when the same would otherwise have been due, the base salary and any other accrued amounts then payable through the Date of Termination and shall have no further obligations under this Agreement, other than as set forth in Section 5(c) hereof, as applicable.

(b) If Executive's employment shall be terminated (a) by the Company, except for a termination by the Company for Cause or Incapacity (or due to Executive's death), or (b) by Executive for Good Reason, then Executive shall be entitled to the benefits provided below, in addition to the benefits provided in Section 5(c) hereof, as applicable:

(i) The Company shall pay Executive Executive's full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given (or, if greater, at the rate in effect at any time within 90 days prior to the time Notice of Termination is given), plus all other amounts to which Executive is entitled under any compensation or benefit plans of the Company, including, without limitation, any accrued amounts under any retention or incentive plan, and including incentive compensation prorated for any applicable measurement period occurring prior to the Date of Termination, at the time such payments are due, except as otherwise provided in the LTSIP for a termination of employment following a Change in Control (as defined therein) and as otherwise provided below.

(ii) an amount (the "Severance Payment") equal to two (2) times the sum of:

(A) the greater of (I) Executive's annual base salary rate in effect as of the Effective Date or (II) Executive's annual base salary rate in effect as of the Date of Termination; and

(B) the greater of (I) Executive's annual incentive Bonus target amount in effect as of the Effective Date or (II) Executive's annual incentive Bonus target amount in effect as of the Date of Termination.

The Severance Payment will be paid in a lump sum as soon as practicable following the Date of Termination.

(iii) The Company shall arrange to provide to Executive, Executive's dependents, and beneficiaries, for the two-year period beginning on the Date of Termination, benefits provided under any "welfare benefit plan" of the Company (as the term "welfare benefit plan" is defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended) ("Welfare Benefits"). If and to the extent that any such Welfare Benefits shall not or cannot be paid or provided under any policy, plan, program or arrangement of the Company (A) solely due to the fact that Executive is no longer an officer or employee of the Company or (B) as a result of the amendment or termination of any plan providing for Welfare Benefits, the Company shall then itself pay or provide for the payment of such Welfare Benefits to Executive, Executive's dependents and beneficiaries. Without otherwise limiting the purposes or effect of the no mitigation obligation in Section 5(f) hereof, Welfare Benefits payable to Executive (including Executive's dependents and beneficiaries) pursuant to this Section 5(b)(iii) shall be reduced to the extent comparable welfare benefits are actually received by Executive (including Executive's dependents and beneficiaries) from another employer during such period, and any such benefits actually received by Executive shall be reported by Executive to the Company.

Executive's right to receive the Severance Payment and Welfare Benefits under this Section 5(b) (collectively, the "Severance Benefits") is conditioned upon the Executive's execution of a general release agreement (a "Release") in form and substance reasonably acceptable to the Company in connection with Executive's termination of employment. Such Severance Benefits shall be payable only if Executive executes and delivers a Release (and any revocation period expires) no later than forty-five (45) calendar days after the Executive's termination of employment. Such amounts shall not become payable until forty-five (45) calendar days after the termination of employment, regardless of when the Release is returned to the Company.

(c) If Executive's employment shall be terminated by the Company for Incapacity or for any reason other than Cause, by Executive for Good Reason, or upon Executive's death, (i) any unvested awards under the LTSIP held by Executive that vest based on the passage of time shall immediately vest in their entirety upon such termination, and (ii) with respect to unvested awards under the LTSIP held by Executive that vest based on the achievement of performance criteria, Executive shall be entitled to receive a pro rata portion (based on the number of full calendar months in the performance period prior to such termination) of the amount Executive would have been entitled to receive under such awards (and at the same time) had Executive remained employed until the last day of the applicable performance period, except as otherwise provided in the LTSIP for a termination of employment following a Change in Control (as defined therein).

(d) The Company may not set-off or counterclaim losses, fines or damages in respect of any claim, debt or obligation against any payment to or benefit for Executive provided for in this Agreement.

(e) Without limiting Executive's rights at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder within thirty (30) days of the date it is due, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to the "prime rate" as quoted from time to time during the relevant period in The Wall Street Journal, plus three percent. Such interest will be payable as it accrues on demand. Any change in such prime rate will be effective on and as of the date of such change.

(f) The Company acknowledges that its severance pay plans and policies applicable in general to its salaried employees do not provide for mitigation, offset or reduction of any severance payment received thereunder. Accordingly, the parties hereto expressly agree that the payment of the severance compensation by the Company to Executive in accordance with the terms of this Agreement shall be liquidated damages and that Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of Executive hereunder or otherwise, except as expressly provided in this Section 5.

6. **Travel.** Executive shall be required to travel to the extent reasonably necessary for the performance of Executive's responsibilities under this Agreement.

7. **Successors; Binding Agreement.** The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, and will assign its rights and obligations hereunder to such successor. Failure of the Company to make such an assignment and to obtain such assumption and agreement prior to the effectiveness of any such succession, unless Executive agrees otherwise in writing with the Company or the successor, shall entitle Executive to compensation from the Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive terminates Executive's employment for Good Reason and the date on which any such succession becomes effective shall be deemed Executive's Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in this Section 7. Without limiting the generality of the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 7, the Company shall have no liability to pay to the purported assignee or transferee any amount so attempted to be assigned or transferred. The Company and Executive recognize that each party will have no adequate remedy at law for any material breach by the other of any of the agreements contained herein and, in the event of any such breach, the Company and Executive hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of this Agreement.

8. **Notices.** For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing, and shall be deemed to have been duly given when delivered by hand, or mailed by United States certified mail, return receipt requested, postage prepaid, or sent by Federal Express or similar overnight courier service, addressed to the respective addresses set forth on the signature page of this Agreement, or sent by facsimile with confirmation of receipt to the respective facsimile numbers set forth on the signature page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Secretary of the Company (or, if Executive is the Secretary at the time such notice is to be given, to the Chairman of the Company's Board of Directors), or to such other address or facsimile number as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address or facsimile number shall be effective only upon receipt.

9. **Non-Competition and Non-Solicitation.**

(a) Executive shall not, directly or indirectly, engage in any Competitive Activity during Executive's employment with the Company or its affiliates and for a period of (x) one (1) year after the Date of Termination if Executive is terminated by the Company for Cause, or Executive terminates Executive's employment for other than Good Reason, or (y) two (2) years after the Date of Termination in all other circumstances. For purposes hereof, "Competitive Activity" shall mean Executive's (i) participation as an employee, director, consultant, owner, manager or advisor of, or (ii) otherwise rendering services to, any business enterprise anywhere in the world if such enterprise either is a Significant Customer of any product or service of the Company or any of its affiliates or engages or is planning to engage in competition with any product or service of the Company or any of its affiliates (including without limitation any enterprise that is a supplier to an original equipment automotive vehicle manufacturer). "Significant Customer" shall mean any customer who represents in excess of five percent

(5%) of the Company's sales or any of its affiliate's sales in any of the three calendar years prior to the date of determination. Competitive Activity shall not include the mere ownership of, and exercise of rights appurtenant to, securities of a publicly-traded company representing five percent (5%) or less of the total voting power and five percent (5%) or less of the total value of such an enterprise. Executive agrees that the Company is a global business and that it is appropriate for this Section 9(a) to apply to Competitive Activity conducted anywhere in the world.

(b) During the period of Executive's employment with the Company or its affiliates and for a period of two (2) years following the Date of Termination, regardless of the reason for Executive's termination of employment, Executive shall not, directly or indirectly, either on Executive's own account or with or for anyone else, solicit or attempt to solicit for any business endeavor or hire or attempt to hire any employee of or individual serving as an independent contractor to the Company or its affiliates, who is, or during the six (6) month period preceding the date of any such solicitation or hiring was, engaged in connection with the business of the Company or an affiliate thereof, or otherwise divert or attempt to divert from the Company or its affiliates any business whatsoever or interfere with any business relationship between the Company or an affiliate thereof and any other person.

(c) During the period of Executive's employment with the Company or its affiliates and for a period of (x) one (1) year after the Date of Termination if Executive is terminated by the Company for Cause, or Executive terminates Executive's employment for other than Good Reason, or (y) two (2) years after the Date of Termination in all other circumstances, Executive shall not contact any then-current customer of the Company or its affiliates with which Executive had any contact or association during Executive's employment with the Company or its affiliates or whose identity was learned by Executive during Executive's employment with the Company or its affiliates, or prospective customer with whom the Company or its affiliates is negotiating or preparing a proposal for products or services (collectively, "Customers") for the purposes of: (i) inducing any such Customer to terminate its business relationship with the Company or its affiliates, (ii) discouraging any such Customer from doing business with the Company or its affiliates, and (iii) offering products or services that are similar to or competitive with those of the Company or its affiliates. Executive also agrees during such period not to accept, with or without solicitation, any business from any Customers involving products or services that are similar to or competitive with those of the Company or its affiliates. "Contact" with any Customers includes responding to contact initiated by Customers.

(d) Executive acknowledges and agrees that damages in the event of a breach or threatened breach of the covenants in this Section 9 will be difficult to determine and will not afford a full and adequate remedy, and therefore agrees that the Company, in addition to seeking actual damages, may seek specific enforcement of such covenants in any court of competent jurisdiction, including, without limitation, by the issuance of an injunction, without the necessity of a bond. Executive and the Company agree that the provisions of this Section 9 are reasonable. However, should any court or arbitrator determine that any provision of the covenants of this Section 9 are unreasonable, either in period of time, geographical area, or otherwise, the parties agree that this Section 9 should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable.

(e) Executive agrees that while employed by the Company or its affiliates and for twenty-four (24) months thereafter, Executive will communicate in writing the contents of the restrictions contained in this Section 9 to any person, firm, association, partnership, corporation or other entity which Executive intends to be employed by, associated with or represent. Executive also agrees to promptly notify the Chief Human Resources Officer or other lead human resources executive of the Company if, at any time during Executive's employment with the Company or its affiliates or within twenty-four (24) months following the Date of Termination, Executive accepts a position to be employed by, associated with or represent any person, firm, association, partnership, corporation or other entity. Executive further agrees that Executive will provide the Company with such information as the Company may request about

Executive's new position to allow the Company to determine whether such position and duties would likely lead to a violation of this Section 9 (except that Executive need not provide any information that would constitute confidential or trade secret information of the entity which Executive intends to be employed by, associated with or represent).

10. **Confidentiality and Cooperation.**

(a) Executive shall not knowingly use, disclose or reveal to any unauthorized person, at any time after the Effective Date, any trade secret or other confidential information relating to the Company or any of its affiliates, or any of their respective businesses or principals, such as, without limitation, dealers' or distributor's lists, information regarding personnel and manufacturing processes, marketing and sales plans, pricing or cost information, and all other such information; and Executive confirms that such information is the exclusive property of the Company and its affiliates. Upon termination of Executive's employment, Executive agrees to return to the Company on demand by the Company all memoranda, books, papers, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, whether made by Executive or otherwise in Executive's possession.

(b) Any design, engineering methods, techniques, discoveries, inventions (whether patentable or not), formulae, formulations, technical and product specifications, bill of materials, equipment descriptions, plans, layouts, drawings, computer programs, assembly, quality control, installation and operating procedures, operating manuals, strategic, technical or marketing information, designs, data, secret knowledge, know-how and all other information of a confidential nature prepared or produced during the period of Executive's employment and which ideas, processes, and other materials or information relate to any of the businesses of the Company, shall be owned by the Company and its affiliates whether or not Executive should in fact execute an assignment thereof or other instrument or document which may be reasonably necessary to protect and secure such rights to the Company.

(c) Following the termination of Executive's employment, Executive agrees to make himself or herself reasonably available to the Company to respond to periodic requests for information relating to the Company or Executive's employment which may be within Executive's knowledge. Executive further agrees to cooperate fully with the Company in connection with any and all existing or future depositions, litigation, or investigations brought by or against the Company, any entity related to the Company, or any of its (their) agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent the Company deems Executive's cooperation necessary. In the event that Executive is subpoenaed in connection with any litigation or investigation, Executive will immediately notify the Company. Executive shall not receive any additional compensation, other than reimbursement for reasonable costs and expenses incurred by Executive, in complying with the terms of this Section 10(c).

(d) For the avoidance of doubt, this Section 10 does not prohibit or restrict Executive (or Executive's attorney) from responding to any inquiry about this Agreement or its underlying facts and circumstances by the Securities and Exchange Commission, the Financial Industry Regulatory Authority, any other self-regulatory organization or governmental entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Executive understands and acknowledges that Executive does not need the prior authorization of the Company to make any such reports or disclosures and that Executive is not required to notify the Company that Executive has made such reports or disclosures.

11. **Arbitration.**

(a) Except as contemplated by Section 9(d) or Section 11(c) hereof, any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties to this Agreement and their respective advisors and representatives shall be settled exclusively by arbitration in Southfield, Michigan, before one arbitrator of exemplary qualifications and stature, who shall be selected jointly by the Company and Executive, or if the parties cannot agree on the selection of the arbitrator, who shall be selected pursuant to the procedures of the American Arbitration Association, and such arbitration shall be conducted in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect.

(b) The parties agree to use their best efforts to (i) appoint (or, if applicable, cause the American Arbitration Association to appoint) the arbitrator within thirty (30) days of the date that a party hereto notifies the other party that a dispute or controversy exists that necessitates the appointment of an arbitrator, and (ii) cause any arbitration hearing to be held within thirty (30) days of the date of selection of the arbitrator, and, as a condition to his or her selection, such arbitrator must consent to be available for a hearing, at such time.

(c) Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided that Executive shall be entitled to seek specific performance of Executive's right to be paid and to participate in benefit programs during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company and Executive hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific performance of the terms of this Agreement. If any dispute under this Section 11 shall be pending, Executive shall continue to receive at a minimum the base salary which Executive was receiving immediately prior to the act or omission which forms the basis for the dispute. At the close of the arbitration, such continued base salary payments may be offset against any damages awarded to Executive or may be recovered from Executive if it is determined that Executive was not entitled to the continued payment of base salary under the other provisions of this Agreement.

12. **Modifications.** No provision of this Agreement may be modified, amended, waived or discharged unless such modification, amendment, waiver or discharge is agreed to in writing and signed by both Executive and such officer of the Company as may be specifically designated by the Board.

13. **No Implied Waivers.** Failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Waiver by either party of a breach of any obligation hereunder shall not constitute a waiver of any succeeding breach of the same obligation. Failure of either party to exercise any of its rights provided herein shall not constitute a waiver of such right.

14. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan without giving effect to any conflicts of laws rules.

15. **Payments Net of Taxes.** Any payments provided for herein which are subject to Federal, State, local or other governmental tax or other withholding requirements or obligations, shall have such amounts withheld prior to payment, and the Company shall be considered to have fully satisfied its obligation hereunder by making such payments to Executive net of and after deduction for all applicable withholding obligations.

16. **Capacity of Parties.** The parties hereto warrant that they have the capacity and authority to execute this Agreement.

17. **Validity.** The invalidity or unenforceability of any provision of this Agreement shall not, at the option of the party for whose benefit such provision was intended, affect the validity or enforceability of any other provision of the Agreement, which shall remain in full force and effect.

18. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

19. **Entire Agreement.** On and after the Effective Date, this Agreement shall contain the entire agreement by the parties with respect to the matters covered herein and supersedes any prior agreement, condition, practice, custom, usage and obligation with respect to such matters insofar as any such prior agreement, condition, practice, custom, usage or obligation might have given rise to any enforceable right. No agreements, understandings or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

20. **Legal Fees and Expenses.** It is the intent of the Company that Executive not be required to incur the expenses associated with the enforcement of Executive's rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to Executive hereunder. Accordingly, the Company shall pay or cause to be paid and be solely responsible for any and all reasonable attorneys' and related fees and expenses incurred by Executive (i) as a result of the Company's failure to perform this Agreement or any provision hereof or (ii) as a result of the Company unreasonably or maliciously contesting the validity or enforceability of this Agreement or any provision hereof as aforesaid.

21. **Code Section 409A.** Notwithstanding anything to the contrary in Section 5 hereof, and to the maximum extent permitted by law, this Agreement shall be interpreted in such a manner that all payments of Severance Benefits to Executive under this Agreement are either exempt from, or comply with, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and other interpretive guidance issued thereunder (collectively, "Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Effective Date. For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

The "Lear Corporation Code Section 409A Policies and Procedures" as in effect on the Effective Date are hereby incorporated by reference in this Agreement as if set forth herein, and shall supersede any conflicting provisions of this Agreement.

22. **No Excise Tax Gross-Up; Possible Reduction of Payments.**

(a) If it is determined that any amount or benefit to be paid or payable to Executive under this Agreement or otherwise in conjunction with Executive's employment (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in conjunction with Executive's employment) would give rise to liability of Executive for the excise tax imposed by Section 4999 of the Code, as amended from time to time, or any successor provision (the "Excise Tax"), then the amount or benefits payable to Executive (the total value of such amounts or benefits, the "Payments") shall be reduced by the Company to the extent necessary so that no portion of the Payments to Executive is subject to the Excise Tax; provided, however, such reduction shall be made only if it results in the Executive retaining a greater amount of Payments on an after-tax basis (taking into account the Excise Tax and applicable federal, state, and local income and payroll taxes). In the event Payments are required to be reduced pursuant to this Section 22(a), they shall be reduced in the following order of priority in a manner consistent with Section 409A: (i) first from cash compensation, (ii) next from equity compensation, then (iii) pro-rata among all remaining Payments and benefits.

(b) The independent public accounting firm serving as the Company's auditing firm, or such other accounting firm, law firm or professional consulting services provider of national reputation and experience reasonably acceptable to the Company and Executive (the "Accountants") shall make in writing in good faith all calculations and determinations under this Section 22, including the assumptions to be used in arriving at any calculations. For purposes of making the calculations and determinations under this Section 22, the Accountants and each other party may make reasonable assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and Executive shall furnish to the Accountants and each other such information and documents as the Accountants and each other may reasonably request to make the calculations and determinations under this Section 22. The Company shall bear all costs the Accountants incur in connection with any calculations contemplated hereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

LEAR CORPORATION

By: ______________________________

Name: Raymond E. Scott

Title: President and Chief Executive Officer

EXECUTIVE:

____

Harry A. Kemp

Exhibit 31.1

CERTIFICATION

I, Raymond E. Scott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lear Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2022 By: /s/ Raymond E. Scott

Raymond E. Scott
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Jason M. Cardew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lear Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2022 By: /s/ Jason M. Cardew

Jason M. Cardew
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lear Corporation (the "Company") on Form 10-Q for the period ended October 1, 2022, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 1, 2022	Signed:	/s/ Raymond E. Scott
			Raymond E. Scott
			Chief Executive Officer

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lear Corporation (the "Company") on Form 10-Q for the period ended October 1, 2022, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2022

Signed: /s/ Jason M. Cardew

Jason M. Cardew
Chief Financial Officer

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.