

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): January 26, 2005

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-11311
(Commission File Number)

13-3386776
(IRS Employer Identification Number)

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

48034
(Zip Code)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

The following information is provided pursuant to Item 2.02 of Form 8-K, “Results of Operations and Financial Condition,” and Item 7.01 of Form 8-K, “Regulation FD Disclosure.”

On January 26, 2005, Lear Corporation issued a press release reporting its financial results for the fourth quarter and full year of 2004 and updating its earnings guidance for 2005. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

On January 26, 2005, Lear Corporation made available the presentation slides attached hereto as Exhibit 99.2 in a webcast of its fourth quarter and full year 2004 earnings call. Exhibit 99.2 is incorporated by reference herein.

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

Section 7 — Regulation FD

Item 7.01 Regulation FD Disclosure.

See “Item 2.02 Results of Operations and Financial Condition” above.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release issued January 26, 2005, furnished herewith.

99.2 Presentation slides from the Lear Corporation webcast of its fourth quarter and full year 2004 earnings call held on January 26, 2005, furnished herewith.

SIGNATURE

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

LEAR CORPORATION,
a Delaware corporation

Date: January 26, 2005

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

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release issued January 26, 2005, furnished herewith.
99.2	Presentation slides from the Lear Corporation webcast of its fourth quarter and full year 2004 earnings call held on January 26, 2005, furnished herewith.

FOR IMMEDIATE RELEASE

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(248) 447-5914

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Lear Reports Fourth Quarter and Full Year Results

Southfield, Mich., January 26, 2005 — Lear Corporation [NYSE: LEA], one of the world's largest automotive interior systems suppliers, today reported financial results for the fourth quarter and full year of 2004 and updated earnings guidance for 2005.

Fourth Quarter Highlights:

- **Record net sales of \$4.3 billion**
- **Net income per share of \$1.70 vs. \$1.81 a year ago**
- **Lear continues as the highest quality seat supplier to multiple automakers**
- **Repurchased nearly 900,000 shares, bringing full year purchases to 1.8 million**
- **Announced an increase in quarterly dividend on January 13th to \$0.25 per share**

For the fourth quarter of 2004, Lear posted record net sales of \$4.29 billion and net income of \$123.0 million, or \$1.70 per share. These results compare with net sales of \$4.26 billion and net income of \$132.4 million, or \$1.81 per share, in the year earlier period.

The increase in fourth quarter net sales from the prior year period reflects the addition of new business globally and the benefit of currency exchange, offset by lower industry production and unfavorable vehicle platform mix. The decline in fourth quarter net income per share compared to the prior year was driven primarily by the mix of sales and the impact of higher raw material prices.

"Challenging industry conditions in both of our major markets had an adverse impact on our fourth quarter financial results," said Bob Rossiter, Lear Chairman and Chief Executive Officer. "Our longer-term outlook, however, remains positive, supported by our \$3.8 billion three-year sales backlog, solid financial position and strong operating fundamentals."

For the quarter, free cash flow was \$86.6 million, reflecting the conversion of earnings and efficient working capital management. (Net cash provided by operating activities was \$231.9 million. A reconciliation of free cash flow to net cash provided by operating activities is provided in the attached supplemental data page.)

(more)

2004 Full Year Results

For the full year 2004, Lear reported record sales of \$17.0 billion and net income of \$422.2 million, or \$5.77 per share, including a \$0.20 income tax benefit primarily related to the settlement of prior years' tax matters. These results compare with full year 2003 net sales of \$15.7 billion and net income of \$380.5 million, or \$5.31 per share.

The increase in net sales compared to 2003 reflects the addition of new business globally and the benefit of currency exchange, partially offset by unfavorable vehicle platform mix in our major markets. The improvement in net income per share reflects the impact of higher sales and operating efficiencies, as well as lower interest expense and income taxes, offset in part by less favorable vehicle platform mix and the impact of higher raw material prices.

Free cash flow in 2004 was \$317.3 million. (Net cash provided by operating activities was \$675.9 million. A reconciliation of free cash flow to net cash provided by operating activities is provided in the attached supplemental data page.)

In the latest J.D. Power Seat Quality Survey, Lear continues to rank as the highest quality manufacturer serving multiple customers. "I am pleased that we continued to maintain high quality and customer service levels and profitably grew our business in 2004," Rossiter added. "Our record sales, driven by our strengthening backlog, demonstrate that our strategy to put our customers first is working."

Earlier this month, Lear increased its three-year sales backlog to \$3.8 billion to reflect new business awards globally and announced a 25% increase in its quarterly cash dividend. (Information on the calculation of sales backlog is provided in the Forward-Looking Statements section of this news release.)

2005 Outlook

For the first quarter of 2005, Lear expects net sales to be in the range of \$4.3 to \$4.5 billion, compared with \$4.5 billion for the first quarter of 2004, primarily reflecting a less favorable industry production environment, offset in part by the addition of new business globally. Net income is expected to be in the range of \$0.50 to \$0.70 per share, compared with \$1.24 for the first quarter of 2004. The decline in net income per share from a year ago primarily reflects the impact of higher raw material prices, as well as the less favorable production environment.

For the full year, the industry production planning assumptions are 15.7 to 16.0 million units for North America and 18.3 to 18.6 million units for Europe. Net sales are expected to be \$17.6 to \$18.0 billion, compared with \$17.0 billion for 2004. This increase primarily reflects the addition of new business globally. Net income is expected to be in the range of \$5.00 to \$6.00 per share.

Full year capital spending is estimated to be in the range of \$425 to \$475 million, and free cash flow is expected to be in the range of \$250 million, which includes

the one-time adverse impact of changes in customer payment terms. (Information regarding anticipated financial results is provided in the Forward-Looking Statements section of this news release.)

"We have a balanced long-term approach to creating shareholder value. In addition to providing our customers with the best service and quality in the industry, we plan to leverage our capabilities as a leader in automotive interiors to improve the value equation and grow sales by keeping our focus on the fundamental business drivers," said Bob Rossiter. "Coupled with our commitment to maintain a strong balance sheet and return cash to shareholders, we are confident that we have the right strategy to make 2005 another successful year for our customers and shareholders," Rossiter concluded.

Lear Corporation, a Fortune 500 company headquartered in Southfield, Mich., USA, focuses on integrating complete automotive interiors, including seat systems, interior trim and electrical systems. With annual net sales of \$17.0 billion in 2004, Lear is one of the world's largest automotive interior systems suppliers. The Company's world-class products are designed, engineered and manufactured by more than 110,000 employees in 34 countries.

Lear's news releases and other information, including certain financial and statistical information presented during its periodic earnings conference calls, are available on the Company's website at www.lear.com. Lear will webcast live its fourth quarter earnings conference call through the Investor Relations link at www.lear.com at 9:00 a.m. (Eastern) on January 26, 2005. In addition, the conference call may be accessed by dialing 1-800-789-4751 (domestic) or 1-706-679-3323 (international). The audio replay will be available two hours following the call at 1-800-642-1687 (domestic) or 1-706-645-9291 (international) with the access code number of 2252895 and will be available until February 9, 2005.

Use of Non-GAAP Financial Information

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

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

Free cash flow should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and

therefore, does not reflect funds available for investment or other discretionary uses. Also, free cash flow, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

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

Forward-Looking Statements

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

This press release also contains information on the Company's sales backlog. The Company's incremental three-year sales backlog reflects: anticipated net sales from awarded new programs, less net sales from phased-out and cancelled programs. The calculation of backlog does not reflect customer price reductions on existing or newly-awarded programs. The three-year backlog may be impacted by various assumptions embedded in the calculation, including vehicle production levels on new and replacement programs, foreign exchange rates and the timing of program launches.

In addition, the first quarter and full year 2005 per share earnings guidance is based on an assumed 74 million shares outstanding and includes 4.8 million shares related to our outstanding contingently convertible debt.

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

#

Lear Corporation and Subsidiaries
Consolidated Statements of Income

(In millions, except per share amounts)

	Three Months Ended	
	December 31, 2004	December 31, 2003
Net sales	\$ 4,286.1	\$ 4,255.3
Cost of sales	3,922.7	3,874.4
Selling, general and administrative expenses	146.2	144.8
Interest expense	43.9	41.9
Other expense, net	<u>13.8</u>	<u>11.4</u>
Income before income taxes	159.5	182.8
Income taxes	<u>36.5</u>	<u>50.4</u>
Net income	<u>\$ 123.0</u>	<u>\$ 132.4</u>
Basic net income per share	<u>\$ 1.82</u>	<u>\$ 1.95</u>
Diluted net income per share	<u>\$ 1.70</u>	<u>\$ 1.81</u>
Weighted average number of shares outstanding — basic	<u>67.6</u>	<u>67.8</u>
Weighted average number of shares outstanding — diluted	<u>73.9</u>	<u>74.5</u>

Lear Corporation and Subsidiaries
Consolidated Statements of Income

(In millions, except per share amounts)

	Twelve Months Ended	
	December 31, 2004	December 31, 2003
Net sales	\$ 16,960.0	\$ 15,746.7
Cost of sales	15,557.9	14,400.3
Selling, general and administrative expenses	633.7	573.6
Interest expense	165.5	186.6
Other expense, net	<u>52.7</u>	<u>52.0</u>
Income before income taxes	550.2	534.2
Income taxes	<u>128.0</u>	<u>153.7</u>
Net income	<u>\$ 422.2</u>	<u>\$ 380.5</u>
Basic net income per share	<u>\$ 6.18</u>	<u>\$ 5.71</u>
Diluted net income per share	<u>\$ 5.77</u>	<u>\$ 5.31</u>
Weighted average number of shares outstanding — basic	<u>68.3</u>	<u>66.7</u>
Weighted average number of shares outstanding — diluted	<u>74.7</u>	<u>73.3</u>

Lear Corporation and Subsidiaries
Consolidated Balance Sheets

(In millions)

	December 31, 2004	December 31, 2003
ASSETS		
Current:		
Cash and cash equivalents	\$ 584.9	\$ 169.3
Accounts receivable	2,584.9	2,200.3
Inventories	621.2	550.2
Recoverable customer engineering and tooling	205.8	169.0
Other	375.2	286.6
	<u>4,372.0</u>	<u>3,375.4</u>
Long-Term:		
PP&E, net	2,019.8	1,817.8
Goodwill, net	3,039.4	2,940.1
Other	513.2	437.7
	<u>5,572.4</u>	<u>5,195.6</u>
Total Assets	<u><u>\$ 9,944.4</u></u>	<u><u>\$ 8,571.0</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Short-term borrowings	\$ 35.4	\$ 17.1
Accounts payable and drafts	2,777.6	2,444.1
Accrued liabilities	1,202.1	1,116.9
Current portion of long-term debt	632.8	4.0
	<u>4,647.9</u>	<u>3,582.1</u>
Long-Term:		
Long-term debt	1,866.9	2,057.2
Other	699.5	674.2
	<u>2,566.4</u>	<u>2,731.4</u>
Stockholders' Equity	<u>2,730.1</u>	<u>2,257.5</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 9,944.4</u></u>	<u><u>\$ 8,571.0</u></u>

Lear Corporation and Subsidiaries
Supplemental Data

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

	Three Months Ended	
	December 31, 2004	December 31, 2003
<u>Net Sales</u>		
North America	\$ 2,265.3	\$ 2,391.9
Europe	1,721.7	1,626.9
Rest of World	299.1	236.5
Total	<u>\$ 4,286.1</u>	<u>\$ 4,255.3</u>
<u>Content Per Vehicle *</u>		
North America	\$ 605	\$ 595
Total Europe	\$ 379	\$ 335
Western Europe	\$ 409	\$ 357
<u>Free Cash Flow **</u>		
Net cash provided by operating activities	\$ 231.9	\$ 226.7
Net change in sold accounts receivable	—	107.2
Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	231.9	333.9
Capital expenditures	(145.3)	(161.4)
Free cash flow	<u>\$ 86.6</u>	<u>\$ 172.5</u>
<u>Depreciation</u>	\$ 93.7	\$ 87.1
	Twelve Months Ended	
	December 31, 2004	December 31, 2003
<u>Net Sales</u>		
North America	\$ 9,252.0	\$ 9,394.2
Europe	6,643.8	5,642.6
Rest of World	1,064.2	709.9
Total	<u>\$ 16,960.0</u>	<u>\$ 15,746.7</u>
<u>Content Per Vehicle *</u>		
North America	\$ 588	\$ 593
Total Europe	\$ 354	\$ 310
Western Europe	\$ 379	\$ 324
<u>Free Cash Flow **</u>		
Net cash provided by operating activities	\$ 675.9	\$ 586.3
Net change in sold accounts receivable	70.4	298.1
Net cash provided by operating activities <u>before</u> net change in sold accounts receivable	746.3	884.4
Capital expenditures	(429.0)	(375.6)
Free cash flow	<u>\$ 317.3</u>	<u>\$ 508.8</u>
<u>Depreciation</u>	\$ 350.6	\$ 321.8
<u>Basic Shares Outstanding at December 31,</u>	67,416,702	68,162,381
<u>Diluted Shares Outstanding at December 31, ***</u>	73,896,780	74,878,689

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

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

*** Calculated using December 31 stock price.



Exhibit 99.2

*Fourth Quarter and Full Year 2004 Results
and First Quarter 2005 Guidance*

January 26, 2005

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

» *advance relentlessly*

fast forward



Agenda

- ▶▶ Company Review
 - *Jim Vandenberghe, Vice Chairman*

- ▶▶ Financial Review and First Quarter 2005 Guidance
 - *Dave Wajsgras, SVP and CFO*

- ▶▶ Q & A

Company Review

Highlights – Full Year 2004

- ▶▶ Record net sales of \$17.0 billion, up 8% from 2003
- ▶▶ Net income of \$5.77 per share, up 9% from 2003 (see note below)
- ▶▶ Expanded infrastructure in Asia; grew sales with Asian automakers
- ▶▶ Increased low-cost country manufacturing and engineering capability
- ▶▶ Used cash flow to fund growth and return cash to shareholders
- ▶▶ Maintained strong balance sheet

***Despite A Challenging Environment,
2004 Was Another Year Of Solid Progress For Lear***

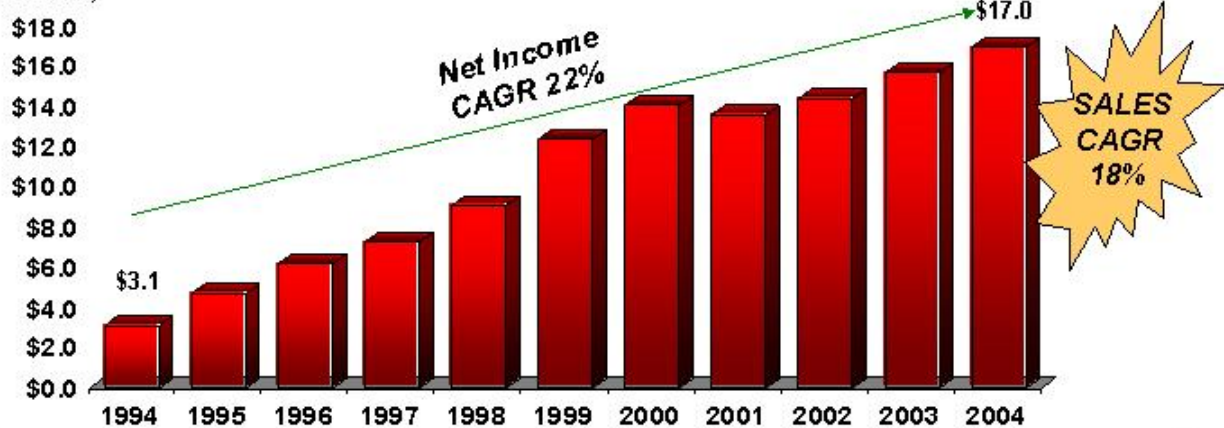
Note: Includes a \$0.20 income tax benefit primarily related to the settlement of prior years' tax matters.

Shareholder Value Scorecard

<i>Strategy</i>	<i>2004 Actions</i>
Invest in high return programs	Awarded significant new business Increased revenue in Asia
Pursue strategic acquisitions	Acquired terminals & connectors business Continued to grow joint ventures
Return cash to shareholders	Paid first-ever dividend Repurchased 1.8 million shares
Maintain strong balance sheet	Generated strong cash flow Achieved investment grade from Moody's

Lear's Strategy has Supported Rapid Growth

Net Sales
(in billions)



- ▶ Steadily increased net sales over the last ten years to \$17 billion in 2004
- ▶ Transformed from a seat assembly operation to one of the world's largest automotive interior systems suppliers
- ▶ 129 ranking and 23rd fastest growing company over the last ten years among the Fortune 500

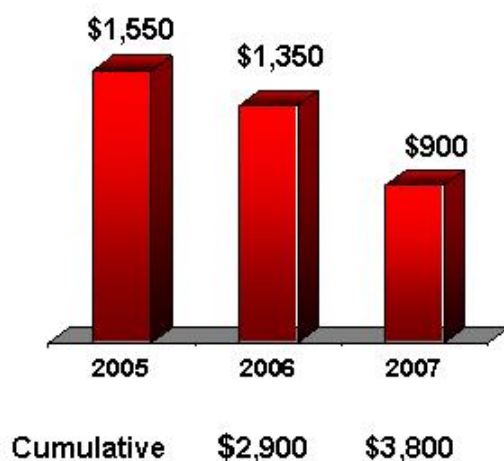
Perspective On 2005 Operating Environment

	<u>First Quarter</u>	<u>Rest of Year</u>
Industry Production	North America down 5%, reflecting inventory correction; Europe also down	Neutral to improving, depending on consumer demand
Platform Mix	Very adverse	Moderately adverse
Raw Material Impact	Adverse	Negative impact moderates as cost offsets are implemented and negotiations concluded

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

Sales Backlog Supports Continued Growth

Sales Backlog*
(in millions)

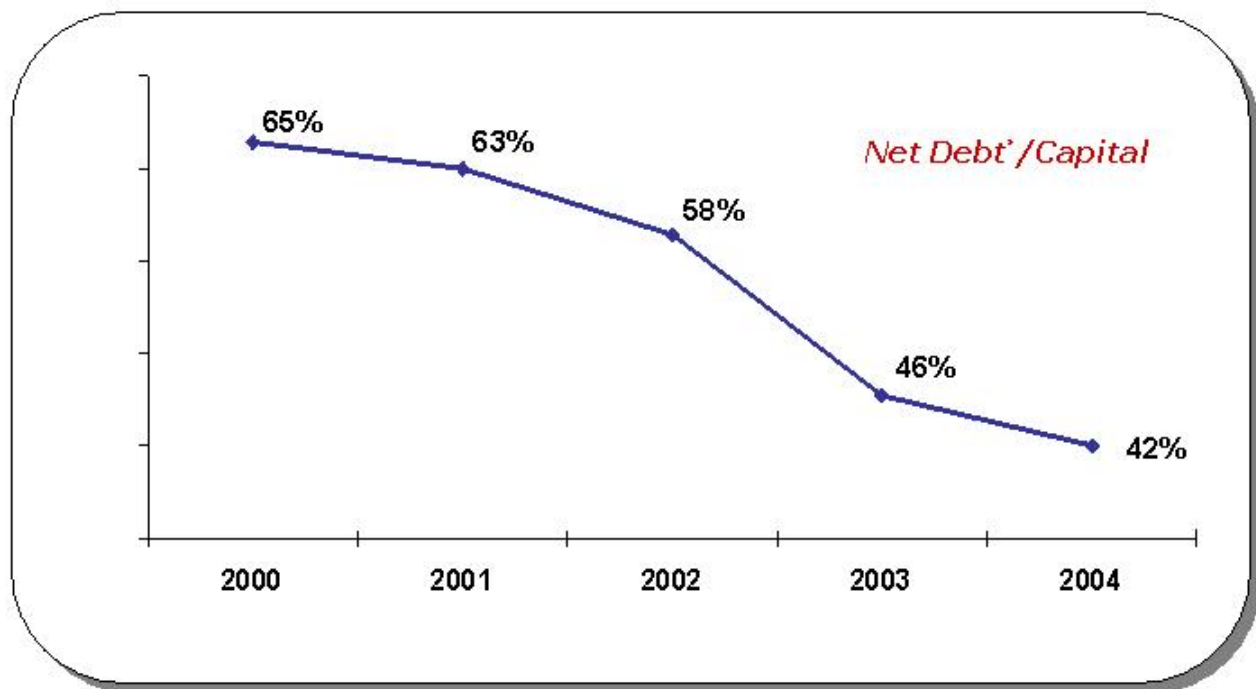


- ▶ 2005 backlog up \$150 million from last year on a comparable basis
- ▶ Three-year backlog up \$750 million from last year on a comparable basis
- ▶ Upside opportunity in 2007 from open sourcing

Net New Business Supports Continued Growth And Diversification Of Sales

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

Continuing to Strengthen Financial Position



* Net debt represents total debt plus utilization of our ABS facility, less cash and cash equivalents. Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

Financial Review and First Quarter 2005 Guidance

Challenging Fourth Quarter Production Environment



North America

- ▶▶ Industry production down 2%
- ▶▶ Big Three down 5%

Europe

- ▶▶ Industry production down 2%
- ▶▶ Key Lear platforms had double-digit declines
- ▶▶ Euro 9% stronger than a year ago

***Industry Production In Major Markets Down;
Euro Continues To Be Strong***

Financial Highlights – Fourth Quarter 2004

(in millions, except net income per share)	<u><i>Fourth Quarter 2004</i></u>	<u><i>Fourth Quarter 2003</i></u>	<u><i>4Q '04 B/(W) 4Q '03</i></u>
Net Sales	\$4,286.1 ✓	\$4,255.3	\$30.8
Income before Interest, Other Expense & Income Taxes (core operating earnings)*	\$217.2	\$236.1	\$(18.9)
Margin	5.1%	5.5%	(40)bps
Net Income	\$123.0	132.4	\$(9.4)
Net Income Per Share**	\$1.70	\$1.81	\$(0.11)
SG&A % of Net Sales	3.4%	3.4%	0 bps
Interest Expense	\$43.9	\$41.9	\$(2.0)
Other Expense, Net	\$13.8	\$11.4	\$(2.4)
Effective Tax Rate	22.9%	27.6%	4.7pts

✓ Record

* Income before income taxes for the fourth quarter 2004 and 2003 was \$159.5 and \$182.8, respectively. Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

** Includes the dilutive impact of our outstanding contingently convertible senior notes.

4Q04 vs. 4Q03 Change in Net Sales and Core Operating Earnings



Net Sales (up \$31 million)

- + Addition of new business globally
- + Impact of foreign exchange, primarily stronger Euro
- + Acquisitions

offset in part by

- Global vehicle production and platform mix

Core Operating Earnings* (down \$19 million)

- Global vehicle production and platform mix
- Impact of higher raw material prices

offset in part by

- + Net operating performance
- + Profit contribution from new business globally

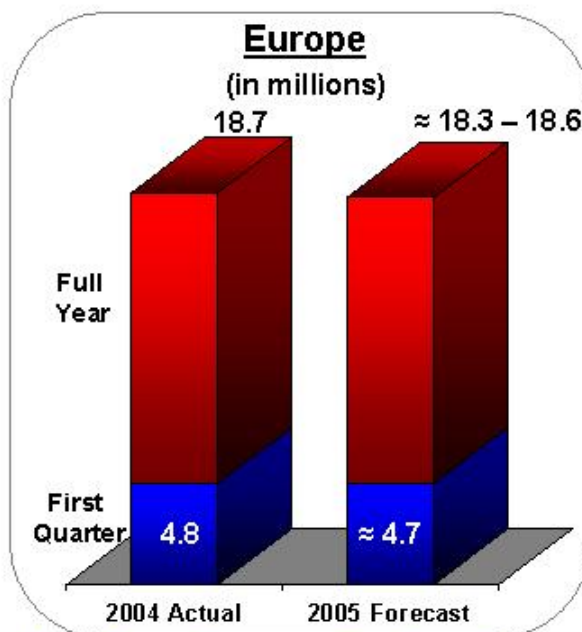
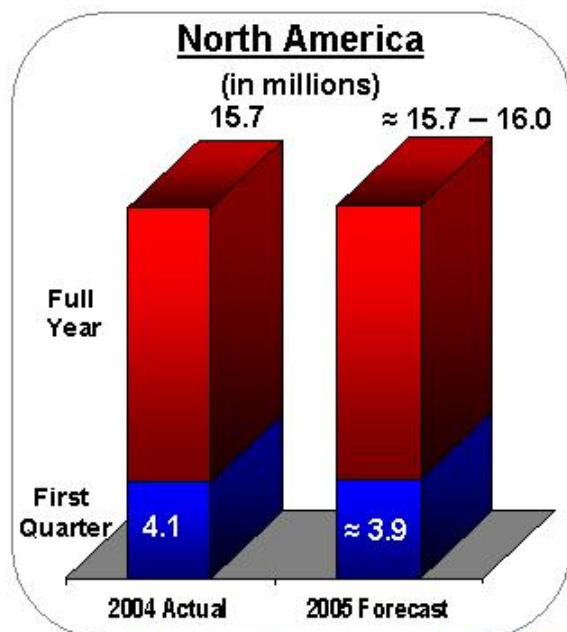
* Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

Fourth Quarter and Full Year Free Cash Flow*

(in millions)	<u>Three Months</u>	<u>Twelve Months</u>
Net Income	\$ 123	\$ 422
Depreciation / Amortization	97	355
Working Capital / Other	12	(31)
Cash from Operations*	\$ 232	\$ 746
Capital Expenditures	(145)	(429)
Free Cash Flow	\$ 87	\$ 317

* Cash from Operations represents net cash provided by operating activities (\$232 for three months and \$676 for twelve months ended 12/31/04) before net change in sold accounts receivable (\$0 for three months and \$70 for twelve months ended 12/31/04). Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation.

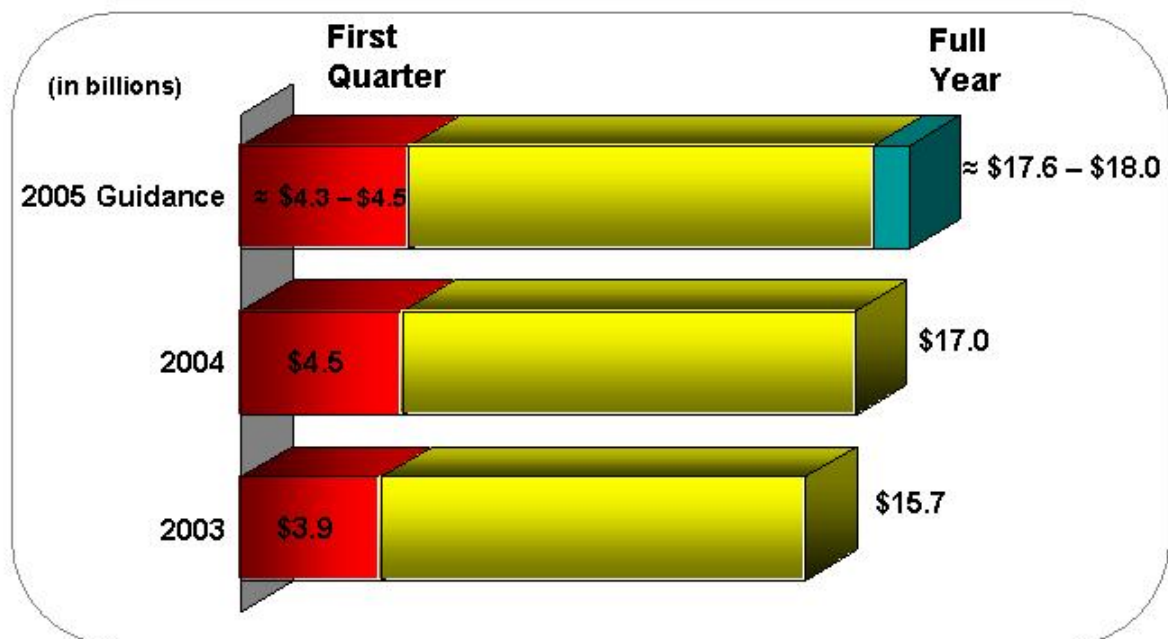
2005 Outlook Vehicle Production Assumptions*



***First Quarter 2005 Production Down In Both
North America And Europe***

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

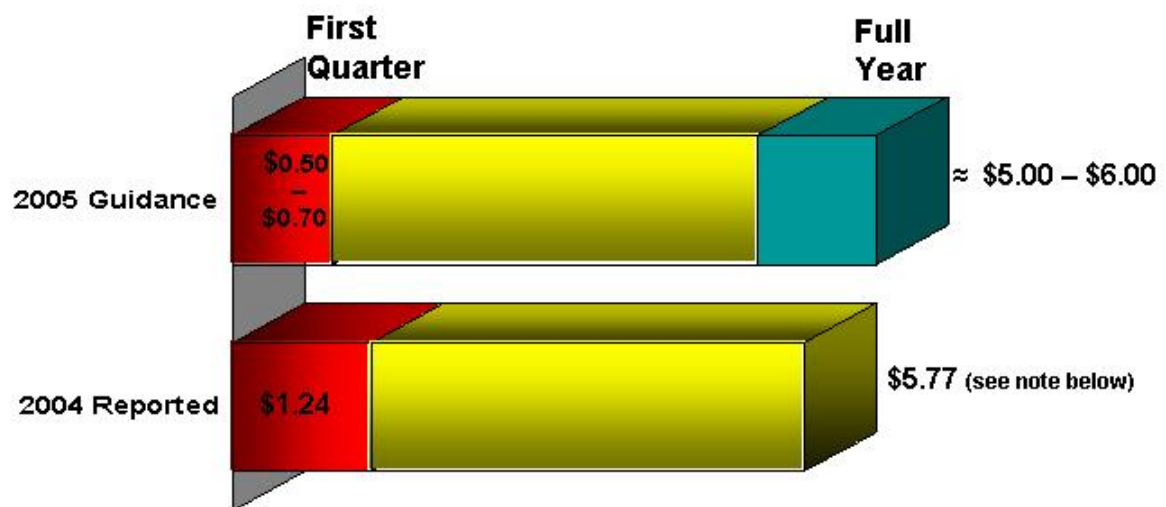
2005 Outlook Net Sales*



2005 Net Sales Increase Reflects Strong Backlog

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

2005 Outlook Net Income Per Share*



Key Swing Factors

- » Production levels and platform mix
- » Impact on supply chain from sustained high level of raw material prices
- » Customer productivity negotiations

Note: Includes a \$0.20 income tax benefit primarily related to the settlement of prior years' tax matters.

* Please see slides titled "Forward-Looking Statements" at the end of this presentation.

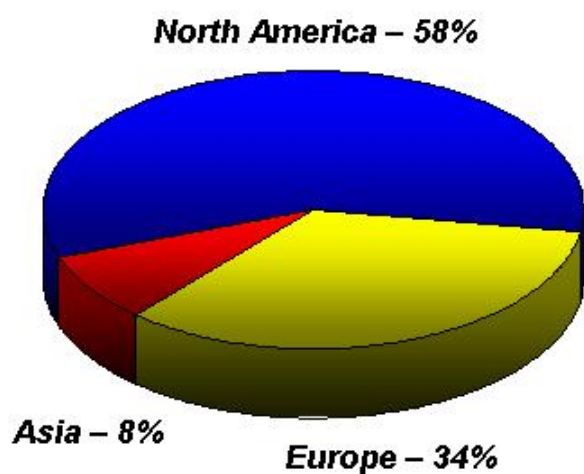
Other 2005 Full Year Financial Guidance

Free Cash Flow	\$250 million
Interest Expense	\$170 – \$175 million
Tax Rate	25% – 27%
Depreciation	\$400 – \$425 million
Capital Expenditures	\$425 – \$475 million
Euro	\$1.25 – \$1.35 / Euro

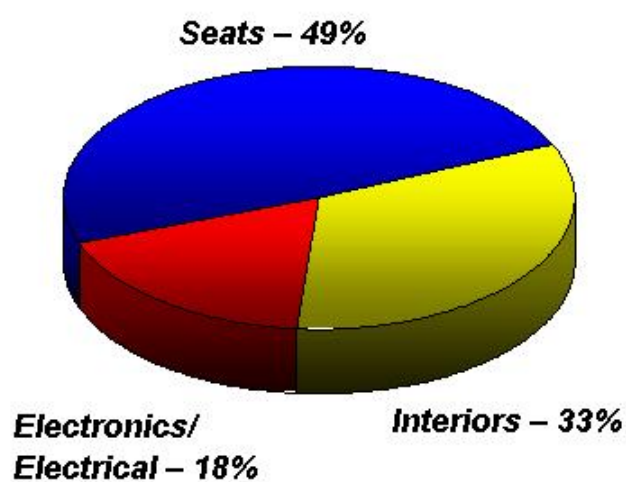
* Please see slides titled "Use of Non-GAAP Financial Information" and "Forward-Looking Statements" at the end of this presentation.

Three-Year Sales Backlog

Backlog By Region

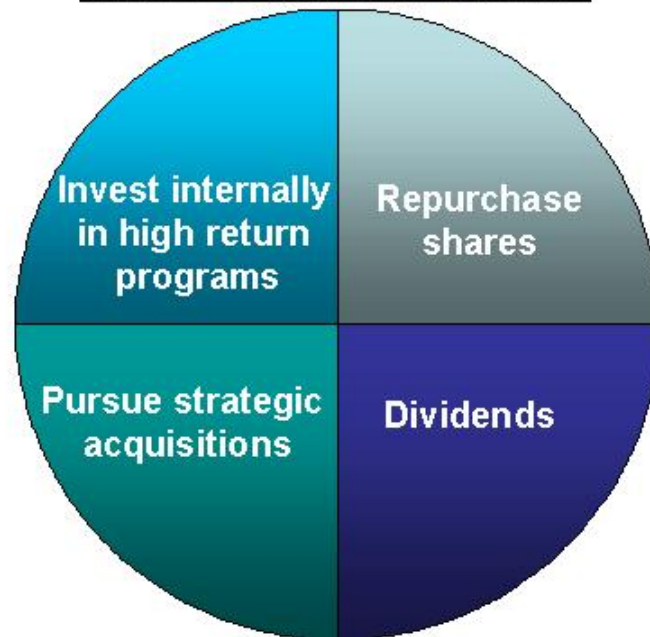


Backlog By Product



Alternative Uses of Cash Flow. . .

Where We See Value Creation



. . . While Maintaining a Strong Balance Sheet

Summary

- ▶▶ Despite a more challenging environment, 2004 was a solid year
- ▶▶ Challenges continue in 2005, with most significant negative impact on the first quarter
- ▶▶ Dividend increase reflects management's confidence in the long term outlook of the Company

***Lear Has A Balanced, Long-Term Approach To
Creating Shareholder Value***



ADVANCE RELENTLESSLY™



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Use of Non-GAAP Financial Information

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

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

Neither income before interest, other expense and income taxes, free cash flow nor net debt should be considered in isolation or as substitutes for net income, net cash provided by operating activities, total debt or other balance sheet, income statement or cash flow statement data prepared in accordance with GAAP or as measures of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and thus, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

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

Use of Non-GAAP Financial Information

Core Operating Earnings



(in millions)	Three Months	
	Q4 2004	Q4 2003
<u>Income before interest, other expense and income taxes</u>		
Income before income taxes	\$ 159.5	\$ 182.8
Interest expense	43.9	41.9
Other expense, net	<u>13.8</u>	<u>11.4</u>
Income before interest, other expense and income taxes (core operating earnings)	<u>\$ 217.2</u>	<u>\$ 236.1</u>

Use of Non-GAAP Financial Information

Free Cash Flow



(in millions)	<u>Three Months</u>	<u>Twelve Months</u>
	<u>Q4 2004</u>	<u>2004</u>
Free cash flow		
Net cash provided by operating activities	\$ 231.9	\$ 675.9
Net change in sold accounts receivable	<u>-</u>	<u>70.4</u>
Net cash provided by operating activities before net change in sold accounts receivable	231.9	746.3
Capital expenditures	<u>(145.3)</u>	<u>(429.0)</u>
Free cash flow	<u>\$ 86.6</u>	<u>\$ 317.3</u>

Use of Non-GAAP Financial Information

Net Debt



(in millions)	December 31,				
<u>Net debt</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Short-term borrowings	\$ 35.4	\$ 17.1	\$ 37.3	\$ 63.2	\$ 72.4
Current portion of long-term debt	632.8	4.0	3.9	129.5	155.6
Long-term debt	<u>1,866.9</u>	<u>2,057.2</u>	<u>2,132.8</u>	<u>2,293.9</u>	<u>2,852.1</u>
Total debt	2,535.1	2,078.3	2,174.0	2,486.6	3,080.1
Cash and cash equivalents	(584.9)	(169.3)	(91.7)	(87.6)	(98.8)
Asset backed securitization	-	-	189.0	260.7	-
Net debt	<u>1,950.2</u>	<u>\$ 1,909.0</u>	<u>\$ 2,271.3</u>	<u>\$ 2,659.7</u>	<u>\$ 2,981.3</u>

Note: Net Debt to Capital is defined as Net Debt divided by Net Debt plus Stockholders' Equity.

Forward-Looking Statements

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

This presentation also contains information on the Company's sales backlog. The Company's incremental sales backlog reflects: anticipated net sales from awarded new programs, less net sales from phased-out and cancelled programs. The calculation of backlog does not reflect customer price reductions on existing or newly-awarded programs. The three-year backlog may be impacted by various assumptions embedded in the calculation, including vehicle production levels on new and replacement programs, foreign exchange rates and the timing of program launches.

In addition, the first quarter and full year 2005 per share earnings guidance is based on an assumed 74 million shares outstanding and includes 4.8 million shares related to our outstanding contingently convertible debt.

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