

**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): **October 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 October 26, 2005, Lear Corporation issued a press release reporting its financial results for the third quarter of 2005. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

On October 26, 2005, Lear Corporation made available the presentation slides attached hereto as Exhibit 99.2 in a webcast of its third quarter 2005 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 October 26, 2005, furnished herewith. |
| 99.2 | Presentation slides from the Lear Corporation webcast of its third quarter 2005 earnings call held on October 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: October 26, 2005

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued October 26, 2005, furnished herewith.
99.2	Presentation slides from the Lear Corporation webcast of its third quarter 2005 earnings call held on October 26, 2005, furnished herewith.

FOR IMMEDIATE RELEASE**Investor Relations:**

Anne Bork
(248) 447-5914

Media:

Andrea Puchalsky
(248) 447-1651

Lear Reports Third-Quarter Results

Southfield, Mich., October 26, 2005 — Lear Corporation [NYSE: LEA], one of the world's largest automotive interior systems suppliers, today reported financial results for the third quarter of 2005.

For the third quarter of 2005, Lear posted net sales of \$4.0 billion and a net loss of \$750.1 million, or \$11.17 per share, including an estimated goodwill impairment charge of \$9.98 per share and costs related to restructuring actions and fixed asset impairment charges of \$1.09 per share. Excluding the impairment and restructuring charges, Lear would have posted a net loss of \$6.4 million, or \$0.10 per share. These results compare to net sales of \$3.9 billion and net income of \$91.7 million, or \$1.26 per share, for the third quarter of 2004. A reconciliation of net loss excluding impairment and restructuring charges to net loss as determined by generally accepted accounting principles is provided in the supplemental data pages.

The increase in net sales from the prior year reflects the addition of new business globally, largely offset by lower production on high-content Lear platforms in North America. Operating performance was down sharply, reflecting the adverse platform mix in North America, as key Lear models changed over and production of high-content SUVs and pickups declined, as well as continuing cost pressures throughout the supply chain.

"At the same time that we are transitioning a significant portion of our North American business, industry conditions continue to be very difficult," said Bob Rossiter, Lear Chairman and Chief Executive Officer. "In this environment, the Lear team is focused on supporting our customers' near-term requirements, while we work to aggressively implement cost and operational efficiency actions that will improve our longer-term competitiveness."

The global restructuring actions announced earlier this year are being implemented as planned. These actions are intended to improve operational efficiency, reduce excess capacity and reposition the Company for improved competitiveness and future profitability. Lear has implemented aggressive cost reduction initiatives and established its Interior product segment as a stand-alone unit. On October 17th, the Company announced a framework agreement for a joint venture relationship with WL Ross & Co. LLC involving the Company's Interior product segment.

(more)

Rossiter continued, "Our first priority is to maintain high quality and service levels while we launch a record number of new product programs. At the same time, we are taking a number of steps to return our Company to profitability and to position our Company for future success."

Free cash flow was negative \$444.4 million for the third quarter of 2005, reflecting primarily a one-time negative net impact of changes in customer payment terms, as well as higher investment to support new business. (Net cash used in operating activities was \$297.3 million. A reconciliation of free cash flow to net cash provided by (used in) operating activities is provided in the supplemental data pages.)

Fourth-Quarter Outlook

A number of significant uncertainties are impacting the outlook for our financial results for the fourth quarter of 2005. These include instability in the raw material and commodity markets, particularly given the effects of the Gulf Coast storms; continuing distress throughout the supply chain, exacerbated by the unprecedented increases in raw material prices, potential for supply disruptions and other supplier bankruptcies; an uncertain sales and production environment in North America; and the timing and impact of activities surrounding Lear's Interior product segment. Given this level of uncertainty, Lear does not intend to provide formal financial guidance for the fourth quarter of 2005. However, on a directional basis, the Company expects net income in excess of \$0.75 per share, excluding planned restructuring costs of approximately \$0.50 per share in the quarter, and positive free cash flow.

Lear will webcast its third-quarter earnings conference call through the Investor Relations link at www.lear.com at 9:00 a.m. EDT on October 26, 2005. In addition, the conference call can be accessed by dialing 1-800-789-4751 (domestic) or 1-706-679-3323 (international). The audio replay will be available two hours following the call at 1-800-642-1687 (domestic) or 1-706-645-9291 (international) and will be available until November 9, 2005, with a Conference I.D. of 8686629.

Lear Corporation is one of the world's largest suppliers of automotive interior systems and components. Lear provides complete seat systems, electronic products and electrical distribution systems and other interior products. With annual net sales of \$17 billion in 2004, Lear ranks #127 among the Fortune 500. The Company's world-class products are designed, engineered and manufactured by a diverse team of more than 110,000 employees in 34 countries. Lear's headquarters are in Southfield, Michigan, and Lear is traded on the New York Stock Exchange under the symbol [LEA]. Further information about Lear is available on the internet at <http://www.lear.com>.

Use of Non-GAAP Financial Information

In addition to the results reported in accordance with accounting principles generally accepted in the United States ("GAAP") included throughout this news

release, the Company has provided information regarding “net loss excluding impairment and restructuring charges” and “free cash flow” (each, a non-GAAP financial measure). Free cash flow represents net cash provided by (used in) 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 net loss excluding impairment and restructuring charges provides meaningful supplemental information regarding the Company’s operating results because the excluded items are not indicative of the Company’s core operating results and may obscure trends useful in evaluating the Company’s continuing operating activities. Further, management believes that net loss excluding impairment and restructuring charges is useful to both management and investors in their analysis of the Company’s results of operations and provides improved comparability between fiscal periods. 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 these non-GAAP financial measures for planning and forecasting in future periods.

Neither net loss excluding impairment and restructuring charges nor free cash flow should be considered in isolation or as a substitute for net income (loss), net cash provided by (used in) operating activities or other income or 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, 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.

For a reconciliation of net loss excluding impairment and restructuring charges to net loss as determined by generally accepted accounting principles and a reconciliation of free cash flow to net cash provided by (used in) operating activities, see the supplemental data pages which, together with this press release, have been posted on the Company’s website through the Investor Relations link at www.lear.com.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to general economic conditions in the markets in which the Company operates, including changes in interest rates and fuel prices, fluctuations in the production of vehicles for which the Company is a supplier, labor disputes involving the Company or its significant customers or 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 pricing negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment 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 and suppliers, raw material cost and availability, the Company's ability to mitigate the significant impact of recent increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in free cash flow, the finalization of the Company's restructuring plan, the outcome of various strategic alternatives being evaluated with respect to the Company's Interior product segment and other risks described from time to time in the Company's Securities and Exchange Commission filings. In addition, the actual amount of the Interior product segment's goodwill impairment charge will not be finalized until the fourth quarter of 2005 and may be materially different than the Company's current estimate as recorded in the third quarter. Finally, the proposed joint venture between the Company and WL Ross & Co. LLC with respect to the Company's Interior product segment is subject to the negotiation and execution of definitive agreements and other conditions. No assurances can be given that the proposed joint venture will be completed on the terms contemplated or at all.

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

Lear Corporation and Subsidiaries
Consolidated Statements of Operations

(Unaudited; in millions, except per share amounts)

	Three Months Ended	
	October 1, 2005	October 2, 2004
Net sales	\$3,986.6	\$3,897.8
Cost of sales	3,900.2	3,577.6
Selling, general and administrative expenses	142.7	161.1
Goodwill impairment charge	670.0	—
Interest expense	45.1	43.3
Other expense, net	<u>16.4</u>	<u>10.0</u>
Income (loss) before income taxes	(787.8)	105.8
Income tax provision (benefit)	<u>(37.7)</u>	<u>14.1</u>
Net income (loss)	<u>\$ (750.1)</u>	<u>\$ 91.7</u>
Basic net income (loss) per share	<u>\$ (11.17)</u>	<u>\$ 1.34</u>
Diluted net income (loss) per share	<u>\$ (11.17)</u>	<u>\$ 1.26</u>
Weighted average number of shares outstanding — basic	<u>67.1</u>	<u>68.3</u>
Weighted average number of shares outstanding — diluted	<u>67.1</u>	<u>74.5</u>

Lear Corporation and Subsidiaries
Consolidated Statements of Operations

(Unaudited; in millions, except per share amounts)

	Nine Months Ended	
	October 1, 2005	October 2, 2004
Net sales	\$12,691.9	\$12,673.9
Cost of sales	12,184.8	11,635.2
Selling, general and administrative expenses	484.6	487.5
Goodwill impairment charge	670.0	—
Interest expense	138.1	121.6
Other expense, net	<u>55.5</u>	<u>38.9</u>
Income (loss) before income taxes	(841.1)	390.7
Income tax provision (benefit)	<u>(62.2)</u>	<u>91.5</u>
Net income (loss)	<u>\$ (778.9)</u>	<u>\$ 299.2</u>
Basic net income (loss) per share	<u>\$ (11.60)</u>	<u>\$ 4.37</u>
Diluted net income (loss) per share	<u>\$ (11.60)</u>	<u>\$ 4.08</u>
Weighted average number of shares outstanding — basic	<u>67.2</u>	<u>68.5</u>
Weighted average number of shares outstanding — diluted	<u>67.2</u>	<u>75.0</u>

Lear Corporation and Subsidiaries
Consolidated Balance Sheets

(In millions)

	October 1, 2005	December 31, 2004
	(Unaudited)	(Audited)
ASSETS		
Current:		
Cash and cash equivalents	\$ 135.4	\$ 584.9
Accounts receivable	2,725.1	2,584.9
Inventories	688.9	621.2
Recoverable customer engineering and tooling	285.6	205.8
Other	327.7	375.2
	<u>4,162.7</u>	<u>4,372.0</u>
Long-Term:		
PP&E, net	1,976.4	2,019.8
Goodwill, net	2,294.7	3,039.4
Other	545.8	513.2
	<u>4,816.9</u>	<u>5,572.4</u>
Total Assets	<u><u>\$ 8,979.6</u></u>	<u><u>\$ 9,944.4</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Short-term borrowings	\$ 42.7	\$ 35.4
Accounts payable and drafts	3,036.6	2,777.6
Accrued liabilities	1,210.4	1,202.1
Current portion of long-term debt	7.6	632.8
	<u>4,297.3</u>	<u>4,647.9</u>
Long-Term:		
Long-term debt	2,291.5	1,866.9
Other	632.1	699.5
	<u>2,923.6</u>	<u>2,566.4</u>
Stockholders' Equity	<u>1,758.7</u>	<u>2,730.1</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 8,979.6</u></u>	<u><u>\$ 9,944.4</u></u>

Lear Corporation and Subsidiaries
Supplemental Data

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

	Three Months Ended	
	October 1, 2005	October 2, 2004
Net Sales		
North America	\$2,222.8	\$ 2,113.3
Europe	1,405.7	1,494.5
Rest of World	358.1	290.0
Total	<u>\$3,986.6</u>	<u>\$3,897.8</u>
Content Per Vehicle *		
North America	\$ 606	\$ 591
Total Europe	\$ 348	\$ 355
Free Cash Flow **		
Net cash provided by (used in) operating activities	\$ (297.3)	\$ 131.9
Net change in sold accounts receivable	(11.9)	—
Net cash provided by (used in) operating activities <u>before</u> net change in sold accounts receivable	(309.2)	131.9
Capital expenditures	(135.2)	(91.1)
Free cash flow	<u>\$ (444.4)</u>	<u>\$ 40.8</u>
Depreciation	\$ 98.3	\$ 86.8
Three Months Ended		
October 1, 2005		
	Net Loss	Net Loss Per Share
Net loss excluding impairment and restructuring charges **		
Net loss and net loss per share, as reported	\$ (750.1)	\$ (11.17)
Goodwill impairment charge, net of tax	670.0	9.98
Costs related to restructuring actions and fixed asset impairment charges, net of tax	<u>73.7</u>	<u>1.09</u>
Net loss and net loss per share excluding impairment and restructuring charges	<u>\$ (6.4)</u>	<u>\$ (0.10)</u>

**Lear Corporation and Subsidiaries
Supplemental Data**

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

	Nine Months Ended	
	October 1, 2005	October 2, 2004
Net Sales		
North America	\$ 6,757.4	\$ 6,986.6
Europe	4,978.6	4,922.1
Rest of World	955.9	765.2
Total	\$ 12,691.9	\$ 12,673.9
Content Per Vehicle *		
North America	\$ 572	\$ 582
Total Europe	\$ 355	\$ 345
Free Cash Flow **		
Net cash provided by operating activities	\$ 228.8	\$ 444.0
Net change in sold accounts receivable	(279.2)	70.4
Net cash provided by (used in) operating activities before net change in sold accounts receivable	(50.4)	514.4
Capital expenditures	(414.3)	(283.7)
Free cash flow	\$ (464.7)	\$ 230.7
Depreciation	\$ 287.4	\$ 256.9
Basic Shares Outstanding at end of quarter	67,168,087	68,208,983
Diluted Shares Outstanding at end of quarter ***	67,168,087	74,398,113

* Content Per Vehicle for 2004 has been updated to reflect actual production levels.

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

*** Calculated using stock price at end of quarter. The calculation of diluted shares outstanding as of October 1, 2005, excludes approximately 4.8 million shares related to outstanding convertible debt, approximately 3.0 million options and approximately 2.2 million restricted stock and performance units, as inclusion would have resulted in antidilution in the third quarter and first nine months of 2005.



Exhibit 99.2

Third-Quarter 2005 Financial Review

October 26, 2005



Agenda

- ▶▶ Industry Perspective
 - *Jim Vandenberghe, Vice Chairman*
- ▶▶ Operational Review
 - *Doug DelGrosso, President and COO*
- ▶▶ Financial Results
 - *Dave Wajsgras, EVP and CFO*
- ▶▶ Summary and Outlook
 - *Bob Rossiter, Chairman and CEO*
- ▶▶ Q & A

Industry Perspective

Industry Conditions

- ▶▶ Vehicle production in N.A. relatively flat, with mix of Big Three pickups and SUVs down
- ▶▶ Industry overcapacity driving fierce pricing competition for market share
- ▶▶ Key commodity prices remain high
- ▶▶ Impact of recent Gulf Coast storms driving energy, resin and chemical prices higher
- ▶▶ Automotive supply base under pressure

***Near-Term Industry
Conditions Remain Very Challenging***

Industry Events

- ▶▶ Collins & Aikman and Delphi's bankruptcies; financial stress at other major suppliers and automakers
- ▶▶ Visteon's return of troubled businesses to Ford
- ▶▶ GM and Ford's new purchasing initiatives
- ▶▶ Lear's partnership with WL Ross & Co. LLC
- ▶▶ GM's agreement with union on healthcare costs

Industry Challenges Driving Structural Changes

Industry Challenges

- ▶▶ Potential labor disputes/production interruption
- ▶▶ Supply disruptions
- ▶▶ Decline in Big Three SUV production
- ▶▶ Higher commodity prices
- ▶▶ Industry financial stress

Significant Near-Term Risks Impacting Outlook

Lear's Action Plan to Mitigate Risks

Focus on Day-to-Day Execution

- ▶ Maintain high quality and ensure flawless launches
- ▶ Aggressively implement cost improvement initiatives
- ▶ Work in partnership to support customer requirements

Implement Global Restructuring Plan

- ▶ Eliminate excess capacity
- ▶ Accelerate move to low-cost countries
- ▶ Streamline global organization; census reductions

Refocus Resources to Achieve Profitable Future Growth

- ▶ Proposed joint venture to improve business model for Interior products
- ▶ Continue to grow and diversify Seating, Electronic and Electrical sales

Strong Fundamentals Help Offset Risks

- ▶▶ A leader in quality and customer satisfaction
- ▶▶ Experienced management team
- ▶▶ High consumer demand for Seating, Electronic and Electrical products
- ▶▶ Manageable pension and postretirement liabilities
- ▶▶ Strong balance sheet, with sufficient liquidity

Lear's Strengths Provide A Solid Platform For Improvement

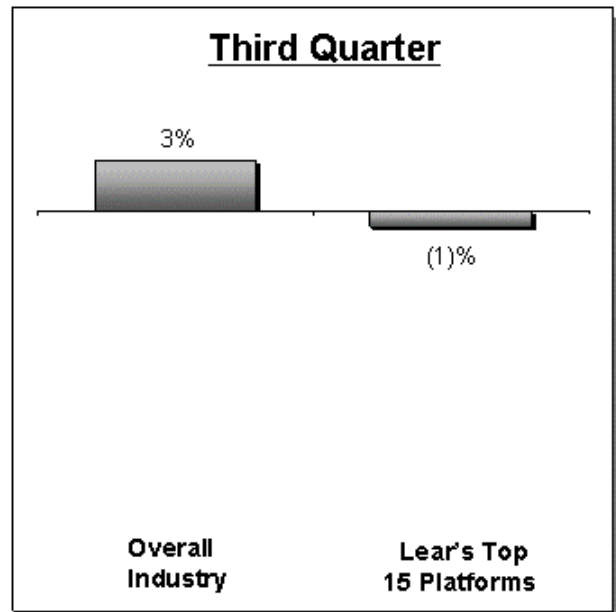
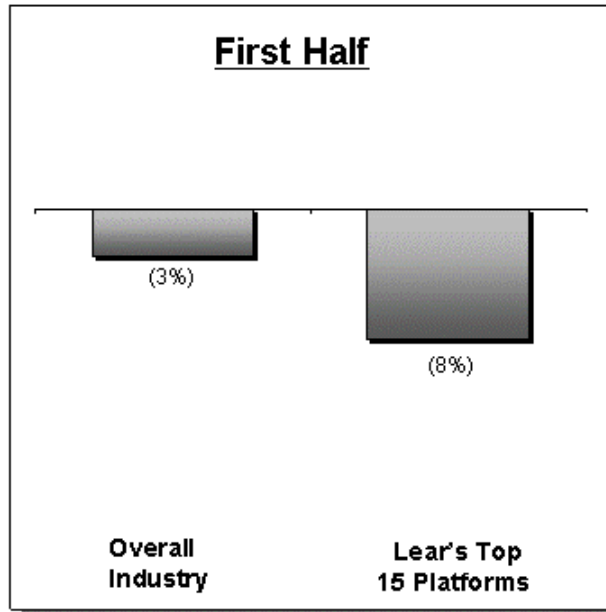
Operational Review

Business Conditions

- ▶ Launched 26 programs in 67 facilities worldwide in the third quarter, representing about \$2 billion in annual sales
- ▶ N.A. platform mix still negative but improving, as six of our top fifteen platforms in the U.S. recently changed over
- ▶ Gulf Coast storms increasing costs for energy, resins and chemicals
- ▶ Increasing distress in supply base adding costs; no significant supply interruptions so far
- ▶ Global restructuring actions progressing
- ▶ Growth strategy for Seating, Electronic and Electrical businesses

North American Production Environment

2005 compared with 2004



Commodity Price Update

- ▶▶ Steel prices down in the third quarter, still well above historical levels
- ▶▶ Resin and chemical prices increased in the third quarter and remain well above historical levels; further increases due to Gulf Coast storms are expected
- ▶▶ Another quarter of high commodity prices has increased pressure on the supply chain
 - Lear incurred direct and indirect costs to maintain flow of goods from tiered supply chain
 - Additional failed and high-risk suppliers

Customer Negotiations In Progress With Respect To Current And Future Impact Of Commodity Costs

Restructuring Implementation Status*

2005 Cost and Cash Impact

(in millions)	<u>Pretax Cost</u>	<u>Cash</u>
Incurred	\$ 60	\$ 24
Estimated Fourth Quarter	<u>~ 50</u>	<u>~ 75</u>
Total	<u>\$ ~110</u>	<u>\$ ~99</u>

2005 YTD Actions

- ▶▶ Initiated closure of five manufacturing facilities
- ▶▶ Global organizational structure streamlined and multiple administrative offices restructured
- ▶▶ Accelerating manufacturing footprint actions to improve cost competitiveness

***Objectives Are To Eliminate Excess Capacity,
Streamline Organizational Structure
And Accelerate Manufacturing Footprint Actions***

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

Global Component Manufacturing/ Sourcing Footprint Actions



Sourcing Criteria

- ▶ Value Add / Labor Content
- ▶ High Pack Density
- ▶ Raw Material Availability
- ▶ No Patent Issues
- ▶ Minimal Investment
- ▶ Minimal Engineering Changes
- ▶ Existing Technical Competency

Lear Examples by Product Segment

Seating

- ▶ Mechanisms
- ▶ Latches
- ▶ Lumbar support
- ▶ Power motors
- ▶ Leather trim sets

Electronic and Electrical

- ▶ Terminals and connectors
- ▶ Headlamp switches
- ▶ Parking brake release switches

Interiors

- ▶ Sun visors
- ▶ Mirror vanity pack
- ▶ Assist handles
- ▶ Other trim pieces

***Lear Is Accelerating Global Manufacturing/Sourcing
Footprint Actions To Improve Cost Competitiveness*** ¹⁴

Backlog Profitability*

- ▶▶ 2005 is a transition year for Lear's platform mix; more than half of Lear's major North American platforms are turning over this year, representing approximately 40% of Lear's North American revenue
- ▶▶ Customer pricing negotiations underway to address raw material price increases
- ▶▶ Engineering and sourcing changes to reduce future costs
- ▶▶ Manufacturing footprint changes to reduce future costs

Initiatives Underway To Restore Profitability Of Future Business To Historical Levels

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

Growth Opportunities in Seating and Electronic and Electrical Products*



- ▶▶ Capitalize on strong growth prospects in Asia and with Asian automakers globally
- ▶▶ Pursue global growth opportunities with new seating products that provide added safety features and flexible configurations
- ▶▶ Leverage reputation as the highest quality seat manufacturer supplying multiple automakers
- ▶▶ Capitalize on growing consumer demand for increased electronic features and content
- ▶▶ Continue organic growth in smart junction boxes, RF technology and audio/infotainment
- ▶▶ Selective vertical integration to enhance value proposition

Significant Opportunities For Organic Growth

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

Financial Results

Third Quarter Summary*

- ▶▶ Third Quarter Production
 - North American industry up 3%; platform mix unfavorable but improving
 - European industry estimated down 4%
- ▶▶ Net sales of \$4 billion, up slightly from a year ago
- ▶▶ Reported net loss of (\$11.17) per share, including goodwill impairment charge of (\$9.98) per share and costs related to restructuring actions and fixed asset impairment charges of (\$1.09) per share
- ▶▶ Excluding the impairment and restructuring charges, net loss of (\$0.10) per share
- ▶▶ Free cash flow of negative \$444 million

* Please see slides titled "Third Quarter Free Cash Flow" and "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

Third Quarter Sales Changes and Margin Impact Versus Prior Year



Performance Factor	Sales Impact <i>(millions)</i>	Margin Impact	Comments
Industry Production / Platform Mix	\$ (331)	(Very Adverse)	Concentrated in high-content platforms
Net Global New Business / Acquisitions	387	Low	Unprecedented level of launch activity
Foreign Exchange	33	Low	-
Net Commodity Costs		(Adverse)	Sustained high levels
Restructuring Costs		(Adverse)	Up-front costs, savings later
Net Performance and Other		Neutral	Favorable operating performance offset by launch and other costs

Financial Highlights – Third Quarter 2005

(in millions, except net income (loss) per share)	Third Quarter 2005	Third Quarter 2004	3Q 05 B/W 3Q 04
Net Sales	\$3,986.6	\$3,897.8	\$88.8
Income (Loss) before Interest, Other Expense & Income Taxes[*]	(\$726.3)	\$159.1	(\$885.4)
Margin	N/M	4.1 %	N/M
Net Income (Loss)	(\$750.1) ^{**}	\$91.7	(\$841.8)
Net Income (Loss) Per Share	(\$11.17) ^{**}	\$1.26	(\$12.43)
SG&A % of Net Sales	3.6 %	4.1 %	0.5 %
Interest Expense	\$45.1	\$43.3	(\$1.8)
Other Expense, Net	\$16.4	\$10.0	(\$6.4)

^{*} Income (loss) before income taxes for the third quarter 2005 and 2004 was (\$787.8) million and \$105.8 million, respectively. Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

^{**} Includes an estimated goodwill impairment charge of (\$670.0) million or (\$9.98) per share and costs related to restructuring actions and fixed impairment charges of (\$73.7) million or (\$1.09) per share.

Impact of 2005 Impairment and Restructuring Charges*



(in millions, except net loss per share)	Third Quarter		Memo:			
	Net Loss Per Share	Pre-tax Loss	Income Statement Category			
			COGS	SG&A	Interest	Other Expense
Reported Results	\$ (11.17)	\$ (788)	-	-	-	-
<i>Reported results include the following items:</i>						
Estimated Goodwill Impairment	\$ (9.98)	\$ (670)	-	-	-	-
Fixed Asset Impairments	\$ (0.71)	\$ (74)	\$ (74)	-	-	-
Restructuring Actions (includes \$9 m of fixed asset impairments)	\$ (0.38)	\$ (33)	\$ (31)	\$ (1)	(1)	-
Total	\$ (11.07)	\$ (777)				
Net Loss, Excluding Impairment and Restructuring Charges	\$ (0.10)	\$ (11)				

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

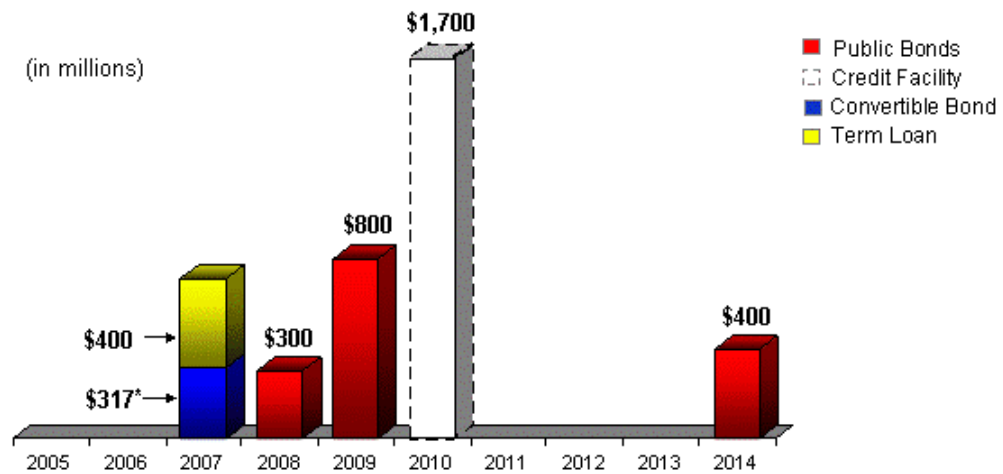
Third Quarter Free Cash Flow*

(in millions)	<u>3Q 2005</u>	<u>3Q 2004</u>
Net Income (Loss)	\$ (750)	\$ 92
Goodwill / Fixed Asset Impairments	753	-
	\$ 3	\$ 92
Depreciation / Amortization	100	88
Working Capital / Other	(412)	(48)
Cash from Operations	\$ (309)	\$ 132
Capital Expenditures	(135)	(91)
Free Cash Flow	\$ (444)	\$ 41
Memo: Free Cash Flow YTD	\$ (465)	\$ 231

Positive Free Cash Flow Expected In Fourth Quarter

* Cash from Operations represents net cash provided by (used in) operating activities ((\$297.3) and \$131.9 for the three months ended 10/1/05 and 10/2/04, respectively) before net change in sold accounts receivable (\$11.9 and zero for the three months ended 10/1/05 and 10/02/04, respectively). Please see slides titled "Use of Non-GAAP Financial Information" and "Forward-Looking Statements" at the end of this presentation for further information.

Lear's Debt Maturity Profile



▶▶ **Target \$1.0+ billion in excess liquidity**

- Beyond seasonal working capital needs

▶▶ **\$2.1 billion in committed bank facilities**

- \$1.7 billion five-year credit facility, maturing March 2010
- \$400 million term loan closed in 3Q, maturing February 2007

* Reflects accreted value of convertible bonds

Debt Levels

(in millions)	<u>10/1/2005</u>	<u>12/31/2004</u>
Balance Sheet Debt		
Short-term borrowings	\$ 43	\$ 35
Current portion of long-term debt	8	633
Long-term debt	<u>2,291</u>	<u>1,867</u>
Total Debt	\$ 2,342	\$ 2,535
Cash and Cash Equivalents	(135)	(585)
Accounts Receivable Factoring / ABS	<u>279</u>	<u>-</u>
Net Debt*	<u>\$ 2,486</u>	<u>\$ 1,950</u>

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

Fourth Quarter Outlook*

A number of significant uncertainties are impacting the outlook for Lear's financial results for the fourth quarter:

- Instability in the raw material and commodity markets, particularly given the effects of the Gulf Coast storms
- Continuing distress throughout the supply chain, exacerbated by the unprecedented increases in raw material prices, potential for supply disruptions and other supplier bankruptcies
- Uncertain sales and production environment in North America
- Timing and impact of activities surrounding Lear's Interior product segment

Given This Level Of Uncertainty, On A Directional Basis, The Company Expects Net Income (Excluding Planned Restructuring Costs Of Approximately \$0.50 Per Share) In Excess Of \$0.75 Per Share And Positive Free Cash Flow

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

Impact of Recent Gulf Coast Storms

Impact on Energy Supply*

- ▶ Over 645 of 819 manned platforms were evacuated during storms
 - 210 (25.6%) platforms remain evacuated
 - 35 platforms destroyed
 - 32 severe damage / adrift
- ▶ Shut-in or off-line production as of Oct. 21:
 - Oil
 - 64.5% of daily production
 - 11.6% of yearly production lost (8/26 – 10/20)
 - Gas
 - 51.9% of daily production
 - 8.8% of yearly production lost (8/26 – 10/20)

*US Dept. of the Interior – Minerals Management Service

Significant Impact on Resins and Chemicals

- ▶ Many key Lear suppliers impacted

- ▶ N.A. capacity down*

	<u>9/30/05</u>	<u>10/17/05</u>
Polypropylene	48%	6%
Benzene	55%	20%
Vinyl Chloride	19%	6%
PVC	21%	9%

- ▶ Driving price pressure and distress in supply base

*CMAI Hurricanes Update

***Gulf Coast Storms Have Intensified
Near-Term Price Pressure On Raw Materials***

Directional 2006 Outlook*

Given the level of uncertainty, financial guidance for 2006 will not be provided at this time. Shown below is a directional assessment of our outlook for next year:

- ▶▶ Strong backlog supports sales growth in all segments
- ▶▶ Marked improvement in earnings
- ▶▶ Capital spending trends notably lower
- ▶▶ Improvement in free cash flow to meaningful positive level

Financial Results Expected To Improve Next Year

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

Interior Product Segment– Key Financials

(\$ in millions)	Actual			YTD
	2002	2003	2004	2005
Net sales	\$2,550	\$2,817	\$2,965	\$2,261
Income (loss) before goodwill impairment charge, interest, other expense & income taxes**	141	104	85	(140)*
% of net sales	5.5%	3.7%	2.9%	-6.2%
Depreciation	101	108	109	89
Capital expenditures	90	114	87	130
Goodwill	1,023	1,023	1,018	350
Total assets, incl. goodwill	2,302	2,435	2,449	1,929

Financial Returns Under Pressure

* Includes \$18 million for costs related to restructuring actions and \$74 million for fixed asset impairment charges.

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

Proposed Interior Product Segment Joint Venture with WL Ross*



Entered into a framework agreement providing for a joint venture with Wilbur Ross [WL Ross & Co. LLC] to explore acquisition and rationalization opportunities in the automotive interiors business sector . . .

- ▶▶ Develop better platform for Interior product segment
- ▶▶ Increase scale to recognize operational efficiencies and synergies
- ▶▶ Rationalize sector capacity utilization
- ▶▶ Lear is expected to hold a significant minority interest and provide management support

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

Summary and Outlook

Summary*

Proposed Joint Venture for Interior Product Segment

- ▶▶ Proposed JV provides a framework for re-positioning the Interior product segment, while allowing Lear to continue its focus on profitably growing the Seating, Electronic and Electrical segments

Growth in Seating, Electronic and Electrical Products

- ▶▶ Growth opportunities in Asia and with Asian automakers globally, as well as with new products
- ▶▶ Restructuring plan, efficiency actions and selective vertical integration to improve margins going forward

Company Financial Outlook

- ▶▶ Earnings and cash flow turn positive in fourth quarter
- ▶▶ Financials improve next year; 2006 financial outlook and sales backlog update will be provided in January

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

Outlook for Business*

2005 – Transition Year

- ▶ Adverse platform mix
- ▶ Peak capital spending and product launches
- ▶ High raw material prices; distress in supplier base
- ▶ Change in customer payment terms
- ▶ Global restructuring plan
- ▶ Interior product segment partnership with WL Ross & Co.

2006 – Results Improve

- ▶ Major launches continue; platform mix less adverse
- ▶ Raw material price mitigation actions yield benefits
- ▶ Capital spending declines; cash flow returns positive
- ▶ Restructuring plan implemented
- ▶ Interior product segment JV growth and consolidation phase

2007 and Beyond – Positive Long-Term Outlook

- ▶ Major high volume launches complete
- ▶ Margins improve with benefits from restructuring
- ▶ Balance sheet strengthens
- ▶ Benefits accrue to Lear from Interior product segment JV
- ▶ Continue to diversify customer mix

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

Q & A



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▶▶ www.lear.com

Use of Non-GAAP Financial Information

In addition to the results reported in accordance with accounting principles generally accepted in the United States ("GAAP") included throughout this presentation, the Company has provided information regarding certain non-GAAP financial measures. These measures include "income (loss) before interest, other expense and income taxes," "net loss excluding impairment and restructuring charges," "cash from operations," "free cash flow" and "net debt." Cash from operations represents net cash provided by (used in) operating activities before the net change in sold accounts receivables, and free cash flow represents net cash provided by (used in) 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 cash from operations and 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 asset based securitization and factoring facilities, less cash and cash equivalents.

Management believes that income (loss) before interest, other expense and income taxes and net loss excluding impairment and restructuring charges provide meaningful supplemental information regarding the Company's operating results because the excluded items are not indicative of the Company's core operating results and may obscure trends useful in evaluating the Company's continuing operating activities. Further, management believes that income (loss) before interest, other expense and income taxes and net loss excluding impairment and restructuring charges are useful to both management and investors in their analysis of the Company's results of operations and provides improved comparability between fiscal periods. Management believes that cash from operations and free cash flow are 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 financial measures for planning and forecasting in future periods.

Neither income (loss) before interest, other expense and income taxes, net loss excluding impairment and restructuring charges, cash from operations, free cash flow nor net debt should be considered in isolation or as a substitute for net income (loss), net cash provided by (used in) operating activities, total debt or other balance sheet, income statement or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculations of cash from operations and free cash flow do not reflect cash used to service debt and therefore, do 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 (i) income (loss) before interest, other expense and income taxes to income (loss) before income taxes, (ii) net loss excluding impairment and restructuring charges to net loss as determined by generally accepted accounting principles and (iii) cash from operations and free cash flow to net cash provided by (used in) operating activities. For a reconciliation of net debt to total debt, see slide 24.

Use of Non-GAAP Financial Information
Income (Loss) Before Interest, Other Expense & Income Taxes

(in millions)

<u>Income (loss) before interest, other expense and income taxes</u>	Three Months	
	<u>Q3 2005</u>	<u>Q3 2004</u>
Income (loss) before income taxes	\$ (787.8)	\$ 105.8
Interest expense	45.1	43.3
Other expense, net	16.4	10.0
Income (loss) before interest, other expense and income taxes	<u>\$ (726.3)</u>	<u>\$ 159.1</u>

Use of Non-GAAP Financial Information

Net Loss Excluding Impairment & Restructuring Charges



(in millions)	Three Months	
	Q3 2005	
<u>Net loss excluding impairment and restructuring charges</u>	<u>Net Loss</u>	<u>Net Loss Per Share</u>
Net Loss	\$ (750.1)	\$ (11.17)
Goodwill impairment charge, net of tax	670.0	9.98
Costs related to restructuring actions and fixed asset impairment charges, net of tax	<u>73.7</u>	<u>1.09</u>
Net loss and net loss per share excluding impairment and restructuring charges	<u>\$ (6.4)</u>	<u>\$ (0.10)</u>

Use of Non-GAAP Financial Information Cash from Operations and Free Cash Flow



(in millions)	Three Months		Nine Months	
	Q3 2005	Q3 2004	Q3 2005	Q3 2004
<u>Free Cash Flow</u>				
Net cash provided by (used in) operating activities	\$ (297.3)	\$ 131.9	\$ 228.8	\$ 444.0
Net change in sold accounts receivable	(11.9)	-	(279.2)	70.4
Net cash provided by (used in) operating activities before net change in sold accounts receivable (cash from operations)	(309.2)	131.9	(50.4)	514.4
Capital expenditures	(135.2)	(91.1)	(414.3)	(283.7)
Free cash flow	<u>\$ (444.4)</u>	<u>\$ 40.8</u>	<u>\$ (464.7)</u>	<u>\$ 230.7</u>

Use of Non-GAAP Financial Information Interior Product Segment



(in millions)

<u>Income (loss) before goodwill impairment charge, interest, other expense and income taxes</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>YTD 2005</u>
Income (loss) before provision for income taxes	\$ 120.8	\$ 49.0	\$ 50.6	\$(806.3)
Goodwill impairment charge	-	-	-	670.0
Interest (income) expense	3.9	6.6	7.4	(0.6)
Other (income) expense, net	<u>16.5</u>	<u>48.4</u>	<u>27.1</u>	<u>(3.0)</u>
Income (loss) before goodwill impairment charge, interest, other expense and income taxes	<u>\$ 141.2</u>	<u>\$ 104.0</u>	<u>\$ 85.1</u>	<u>\$(139.9)</u>

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties, including but not limited to general economic conditions in the markets in which the Company operates, including changes in interest rates and fuel prices, fluctuations in the production of vehicles for which the Company is a supplier, labor disputes involving the Company or its significant customers or 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 pricing negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, business realignment 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 and suppliers, raw material cost and availability, the Company's ability to mitigate the significant impact of recent increases in raw material, energy and commodity costs, the outcome of legal or regulatory proceedings to which the Company is or may become a party, unanticipated changes in free cash flow, the finalization of the Company's restructuring plan, the outcome of various strategic alternatives being evaluated with respect to the Company's Interior product segment and other risks described from time to time in the Company's Securities and Exchange Commission filings. In addition, the actual amount of the Interior product segment's goodwill impairment charge will not be finalized until the fourth quarter of 2005 and may be materially different than the Company's current estimate as recorded in the third quarter. Finally, the proposed joint venture between the Company and WL Ross & Co. LLC with respect to the Company's Interior product segment is subject to the negotiation and execution of definitive agreements and other conditions. No assurances can be given that the proposed joint venture will be completed on the terms contemplated or at all.

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.