

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

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

21557 Telegraph Road	48034
Southfield, Michigan	-----
-----	-----
(Address of principal executive offices)	(zip code)

Lear Corporation Personal Savings Plan For Delphi Hourly-Rate Employees

(Full title of the Plan)

Joseph F. McCarthy
Vice President, Secretary and General Counsel
Lear Corporation
21557 Telegraph Road
Southfield, Michigan 48034

(Name and address of agent for service)

(810) 746-1500

(Telephone number, including area code, of agent for service)

This Registration Statement shall become effective immediately upon filing with the Securities and Exchange Commission, and sales of the registered securities to participants in the 401(k) plan listed above will be effected pursuant to purchases in the open market.

CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES TO BE REGISTERED (1)	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock, \$.01 par value	65,000 shares	\$45.50	\$2,957,500	\$872.47

(1) In addition, pursuant to Rule 416(c) under the Securities Act of 1933, this Registration Statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(h) on the basis of the average high and low prices reported for shares of the Common Stock on the New York Stock Exchange Composite Tape on August 28, 1998 which was \$45.00.

PART I.

INFORMATION REQUIRED IN SECTION 10(A) PROSPECTUS

The document(s) containing the information specified in Part I of Form S-8 will be sent or given to participating employees as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). These documents and the documents incorporated by reference into this Registration Statement pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

PART II

INFORMATION REQUIRED IN THIS REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

Lear Corporation (the "Company") and the Lear Corporation Personal Savings Plan For Delphi Hourly-Rate Employees (the "Plan") hereby incorporate the following documents herein by reference:

- (a) The Company's Annual Report on Form 10-K for year ended December 31, 1997;
- (b) The Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 1998;
- (c) The Company's Quarterly Report on Form 10-Q for the quarter ended June 27, 1998;
- (d) The Company's Current Report on Form 8-K dated June 30, 1998;
- (e) The Company's Current Report on Form 8-K dated August 26, 1998;
- (f) All other reports filed by the Company and the Plan pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or after December 31, 1995; and
- (g) The description of the Company's Common Stock, \$.01 par value, contained in the Company's registration statement on Form 8-A, as amended by Amendment No. 1 on Form 8-A/A filed on April 5, 1994, including any subsequent amendment or any report or other filing with the Securities and Exchange Commission (the "SEC") updating such description.

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

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

ITEM 4. DESCRIPTION OF SECURITIES

Not Applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

None.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company is a Delaware corporation. Reference is made to Section 145 of the Delaware General Corporation Law, as amended (the "GCL"), which provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at its request in such capacity of another corporation or business organization against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was unlawful. A Delaware corporation may indemnify officers and directors in any action by or in the right of a corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses (including attorneys' fees) that such officer or director actually and reasonably incurred.

Reference is also made to Section 102(b)(7) of the GCL, which permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the GCL or (iv) for any transaction from which the director derived an improper personal benefit.

The certificate of incorporation of the Company provides for the elimination of personal liability of a director for breach of fiduciary duty as permitted by Section 102(b)(7) of the GCL and the by-laws of the Company provide that the Company shall indemnify its directors and officers to the full extent permitted by Section 145 of the GCL.

The Company has directors and officers liability insurance that insures the directors and officers of the Company against certain liabilities.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not Applicable.

ITEM 8. EXHIBITS

A list of exhibits is set forth on the Index to Exhibits.

The Company hereby undertakes that it will submit or has submitted the Plan and any amendment thereto to the Internal Revenue Service ("IRS") in a timely manner and has made or will make all changes required by the IRS in order to qualify the Plan under Section 401 of the Internal Revenue Code of 1986, as amended.

ITEM 9. UNDERTAKINGS

(a) The undersigned Company hereby undertakes:

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

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

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

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

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

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

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Southfield, Michigan on the 31st day of August, 1998.

LEAR CORPORATION

By: /s/ Kenneth L. Way

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

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

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

Signature	Title	Date
/s/ Kenneth L. Way ----- Kenneth L. Way	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	August 31, 1998
/s/ Robert E. Rossiter ----- Robert E. Rossiter	Director, President and Chief Operating Officer -- International Operations	August 31, 1998
/s/ James H. Vandenberghe ----- James H. Vandenberghe	Director, President and Chief Operating Officer -- North American Operations	August 31, 1998
/s/ Donald J. Stebbins ----- Donald J. Stebbins	Senior Vice President and Chief Financial Officer (Principal Financial and Principal Accounting Officer)	August 31, 1998
/s/ Gian Andrea Botta ----- Gian Andrea Botta	Director	August 31, 1998
/s/ Irma B. Elder ----- Irma B. Elder	Director	August 31, 1998
/s/ Larry W. McCurdy ----- Larry W. McCurdy	Director	August 31, 1998
/s/ Roy E. Parrott ----- Roy E. Parrott	Director	August 31, 1998

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
4.1	Form of certificate for the Company's Common Stock, par value \$.01 per share (filed as Exhibit 4.5 to the Company's Registration Statement on Form S-8 (No. 33-55783) and incorporated herein by reference)
4.2	Lear Corporation Personal Savings Plan For Delphi Hourly-Rate Employees
23.1	Consent of Arthur Andersen LLP
24.1	Powers of Attorney (included on the signature page hereof)

THE LEAR CORPORATION
PERSONAL SAVINGS PLAN FOR
DELPHI HOURLY-RATE EMPLOYEES

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THE LEAR CORPORATION PERSONAL SAVINGS PLAN
FOR DELPHI HOURLY-RATE EMPLOYEES

ARTICLE I

ESTABLISHMENT OF PERSONAL SAVINGS PLAN

- 1.01 Establishment of Plan
Lear Corporation hereby establishes The Lear Corporation Personal Savings Plan for Delphi Hourly-Rate Employees (hereinafter referred to as the Plan), as set forth herein.
- 1.02 Effective Date of Plan
The Plan shall become effective on the "Closing Date" (as defined in the General Motors Corporation and Lear Corporation Master Agreement relating to the sale and purchase of the worldwide seating business operated by The Delphi Interior & Lighting Systems Division of General Motors Corporation's Delphi Automotive Systems Business Sector (the "GM/Lear Agreement") (hereinafter referred to as the Effective Date).
- 1.03 Governmental Rulings
This Plan is conditioned upon approval by the Internal Revenue Service in accordance with Sections 401 and 501(a) of the Code, or any section of the Code which amends, supersedes, or supplements said sections.

ARTICLE II
DEFINITION OF TERMS

The following definitions will apply to all words and phrases capitalized in the text which follows.

- 2.01 "Account"
Account means the assets credited to a Participant in the trust fund established under the Plan.
- 2.02 "Administrator"
Administrator means Lear Corporation or its delegate.
- 2.03 "After-Tax Assets"
After-Tax Assets means the units and/or shares of the Funds purchased with After-Tax Savings and dividends and earnings thereon.
- 2.04 "After-Tax Savings"
After-Tax Savings means amounts contributed to the trust fund by the Corporation as elected by a Participant in accordance with Section 5.01.
- 2.05 "Business Day"
Business Day means a day the New York Stock Exchange is open for business. If the New York Stock Exchange is closed as a result of a holiday, weekend, or at the end of a Business Day, normally 4:00 p.m. Eastern Time, then the Effective Date will be the next following Business Day.
- 2.06 "Code"
The term "Code" means the Internal Revenue Code of 1986, as amended.
- 2.07 "Committee"
Committee means the Lear Corporation Employee Benefits Committee.

- 2.08 "Compensation"
Compensation means the total amount paid by the Corporation to the Employee with respect to hourly-rate employment during any Plan Year as evidenced by Internal Revenue Service Form W-2 or its equivalent, plus amounts not currently includable in income by reason of Sections 125 and/or 402(e)(3) of the Code.
- 2.09 "Corporation"
Corporation means Lear Corporation.
- 2.10 "Current Market Value"
Current Market Value means
- (a) for Income Fund, Equity Index Fund, and the Balanced Fund, the fair market value of the units reported by the Trustee, and
 - (b) for assets attributable to the Mutual Funds, the fair market value of the units reported by the Mutual Fund company.
- 2.11 "Date of Valuation"
Date of Valuation means the end of a Business Day, normally 4:00 p.m. Eastern Time, that a Participant initiates an investment option election, withdrawal, transfer of assets, settlement upon termination of employment, or loan, and such date shall be the Effective Date of Investment Option Election, Effective Date of Withdrawal, Effective Date of Transfer of Assets, Effective Date of Termination, or Effective Date of Loan, whichever applies.
- 2.12 "Deferred Assets"

Deferred Assets means the units and/or shares of the Funds purchased with Deferred Savings and dividends and earnings thereon.

- 2.13 "Deferred Savings"
Deferred Savings means amounts contributed to the trust fund by the Corporation as elected by a Participant in accordance with Sections 4.01 and 4.02.
- 2.14 "Delphi Operations"
Delphi Operations means the operations of the Corporation acquired from GM pursuant to the GM/Lear Agreement.
- 2.15 "Distributee"
Distributee means an Employee or former Employee of the Corporation to whom assets are to be distributed. Additionally, the surviving spouse of the Employee or former Employee or alternate payee to whom assets are to be distributed under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code, are Distributees with regard to their interest.
- 2.16 "Effective Date of Investment Option Election"
Effective Date of Investment Option Election means the Business Day on which appropriate direction to the Trustee is received by the party designated by the Administrator for an investment option change.
- 2.17 "Effective Date of Loan"
Effective Date of Loan means the Business Day on which appropriate direction to the Trustee is received by the party designated by the Administrator for a loan.

- 2.18 "Effective Date of Termination"
Effective Date of Termination means the Business Day on which termination of employment with the Corporation occurs.
- 2.19 "Effective Date of Transfer of Assets"
Effective Date of Transfer of Assets means the Business Day on which appropriate direction to the Trustee is received by the party designated by the Administrator for a transfer of assets.
- 2.20 "Effective Date of Withdrawal"
Effective Date of Withdrawal means the Business Day on which appropriate direction to the Trustee is received by the party designated by the Administrator for a withdrawal.
- 2.21 "Eligible Rollover Distribution"
Eligible Rollover Distribution means any distribution consisting of all or any portion of the Account of the Distributee, except that an Eligible Rollover Distribution does not include:
- (i) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;
 - (ii) the portion of any distribution that is not includable in gross income; and
 - (iii) substantially equal installment payments that are payable for ten or more years.
- 2.22 "Eligible Weekly Earnings"
Eligible Weekly Earnings means base pay plus any Cost-of-Living Allowance received by a Participant from the

Corporation with respect to hourly-rate employment during a calendar week and any Performance Bonus Payment (as defined in the Collective Bargaining Agreement) made to a Participant during the Plan Year. The term Eligible Weekly Earnings shall include any pay received for overtime hours, night shift, seven-day premiums, and suggestion awards. Eligible Weekly Earnings shall not include any other special payments, fees, or allowances, and in no event may exceed \$150,000 per year (or as may be adjusted by the Secretary of the Treasury of the United States).

- 2.23 "Employee"
- Employee means
- (a) any person regularly employed in the United States at the Delphi Operations on an hourly-rate basis, including:
 - (1) hourly-rate persons employed on a full-time basis;
and
 - (2) part-time hourly-rate employees.
 - (b) the term Employee shall not include employees of any directly or indirectly wholly-owned or substantially wholly-owned subsidiary of the Corporation acquired or formed by the Corporation, except as approved by the Committee.
 - (c) the term "Employee" shall not include employees represented by a labor organization which has not signed an agreement making the Plan applicable to such employees.

- (d) the term "Employee" shall not include Leased Employees as defined under Article II, Section 2.27.

2.24

"Financial Hardship"

Financial Hardship means a reason given by a Participant when applying for a withdrawal before age 59-1/2 which indicates the withdrawal is (1) necessary to meet immediate and heavy financial needs of the Participant, (2) for an amount required to meet the immediate financial need created by the hardship, and (3) for an amount that is not reasonably available from other resources of the Participant. The amount of such withdrawal may be increased to include any amounts necessary to pay reasonably anticipated income taxes and penalties resulting from the early withdrawal. The reason must be permitted under existing Internal Revenue Service regulations and rulings and must be acceptable to the Named Fiduciary or its delegate for one of the following reasons:

- (a) purchase or construction of the Participant's principal residence;
- (b) payment of expenses to prevent foreclosure on the Participant's principal residence or to prevent eviction from the Participant's principal residence;
- (c) payment of tuition for the next 12 months of post-secondary education for a Participant, a Participant's spouse, or a Participant's dependent;
- (d) payment of medical expenses previously incurred or necessary to obtain medical care for a Participant, a Participant's spouse, or a Participant's dependent; or

- (e) any other reason acceptable under published Internal Revenue Service regulations and rulings.

- 2.25 "Fund"
Fund shall mean any investment fund or mutual fund offered as an investment option under the Plan.
- 2.26 "GM"
GM means General Motors Corporation.
- 2.27 "GM Plan"
GM Plan means the General Motors Personal Savings Plan for Hourly Rate Employees in the United States.
- 2.28 "Highly Compensated Employees"
For purposes of this Plan, the term Highly Compensated Employees means Highly Compensated active Employees and Highly Compensated former Employees. For purposes of this Section, the determination year shall be the calendar year, and the look-back year shall be the 12-month period immediately preceding the determination year. A Highly Compensated active Employee includes any Employee who performs service for the Corporation during the determination year and who, during the look-back year:
- (a) (1) received compensation from the Corporation in excess of \$80,000.00 (as adjusted under the Code) and, if the Corporation elects, was a member of the top-paid group (top 20% ranked on the basis of compensation) for such year, or

(2) was a 5% owner of the Corporation at any time during the year or the preceding year.

(b) A Highly Compensated former Employee includes any Employee who separated from service prior to the determination year, performs no service for the Corporation during the determination year, and was a Highly Compensated active Employee for either the separation year or any determination year ending on or after the Employee's 55th birthday.

(c) The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of Employees in the top-paid group, will be made in accordance with Section 414(q) of the Code and regulations thereunder.

2.29 "Leased Employees"

Leased Employee means any person who, pursuant to an agreement between the Corporation and any leasing organization, has performed services for the Corporation on a substantially full-time basis for a period of at least one year, and such services are performed under the primary direction or control of the Corporation. Contributions or benefits provided a Leased Employee by the leasing organization which are attributable to services performed for the Corporation shall be treated as provided by the Corporation. Leased Employee shall also include a "leased employee" as defined under Section 414(n) of the Code. A Leased Employee shall not be considered an employee of the Corporation if such employee is covered by the safe harbor requirements of Section 414(n)(5) of the Code.

- 2.30 "Named Fiduciary"
Named Fiduciary means the Committee except as set forth in Sections 8.07 and 9.01.
- 2.31 "Normal Retirement Age"
Normal Retirement Age means the attainment of age 65 by the Participant.
- 2.32 "Participant"
Participant means an Employee, or former Employee, who has an Account under this Plan.
- 2.33 "Plan"
Plan means The Lear Corporation Personal Savings Plan for Delphi Hourly-Rate Employees.
- 2.34 "Plan Year"
Plan Year means the 12-month period beginning on January 1 and ending on December 31. For 1998, there shall be a short Plan Year beginning on the Effective Date and ending on December 31, 1998.
- 2.35 "Prime Rate"
Prime Rate means the interest rate reported as the "Prime Rate" in the Eastern Edition of the Wall Street Journal in its general guide to money rates.
- 2.36 "Seniority"
Seniority as used in the Plan means the Employee must complete 90 days of employment with the Corporation. In the case of a

Transferred Employee, employment with GM as of the day before the day the Employee becomes a Transferred Employee will count when determining such Employee's Seniority.

- 2.37 "Total and Permanent Disability"
Total and Permanent Disability means the Employee is currently eligible for a benefit under The Lear Corporation Delphi Hourly-Rate Employees Pension Plan because of total and permanent disability or would be eligible for such a benefit except the Employee does not have ten years of service.
- 2.38 "Transferred Employee"
Transferred Employee means an individual who is a "Transferred Employee" with the meaning of the GM/Lear Agreement.
- 2.39 "Trustee"
Trustee means the outside organization or organizations appointed by the Named Fiduciary, or its delegate, to hold, invest, and distribute the assets of the Plan.

ARTICLE III
ELIGIBILITY

- 3.01 Eligibility
An Employee is eligible to participate and accumulate savings under the Plan on the first day of the first pay period next following the attainment of Seniority.
- A previously eligible Employee who resumes active employment following a termination of employment will be eligible to participate immediately.

ARTICLE IV
CASH OR DEFERRED ARRANGEMENT

4.01 Cash or Deferred Arrangement

- (a) In lieu of receipt of Eligible Weekly Earnings to which an Employee is entitled, such Employee may elect, by providing appropriate direction to the party designated by the Administrator, to have the Corporation contribute to the Plan, on a weekly basis, an equivalent amount in accordance with this qualified cash or deferred arrangement as provided for under Section 401(k) of the Code. Such contributions must be whole percentages of the Employee's Eligible Weekly Earnings and may not be at a rate of less than 1% nor more than 25% of the Employee's Eligible Weekly Earnings. Such contributions shall be allocated to the Employee's Account and shall be vested immediately. The Employee's Compensation shall be reduced by the full amount of any such Corporation contribution. The Employee may elect, by providing appropriate direction to the party designated by the Administrator, to change the amount of such Corporation contributions or to have such contributions suspended at any time.
- (b) Any change in the rate of payroll deduction authorized by an Employee in accordance with subsection (a) of this Section 4.01 will become effective not later than the first day of the second pay period next following the date on which such authorization is received by the party designated by the Administrator.
- (c) In addition to the contributions as provided for in subsection (a) of this Section 4.01, an Employee eligible

to receive a payment from The Lear Corporation Profit Sharing Plan for Delphi Hourly-Rate Employees may elect to have the Corporation contribute to the Employee's Account as Deferred Savings an amount up to 100%, in multiples of 1%, of the amount of such payment, provided such Employee has not terminated employment prior to such contribution. Such election shall be made at such time and in such manner as the Administrator shall determine and will remain continuously in effect until changed by the Employee. If appropriate direction is not received by the party designated by the Administrator from an Employee on or before the date established by the Administrator for submission of such election with respect to a payment, such amount shall be paid to the Employee.

- (d) The Corporation may limit the amount of contributions to the trust pursuant to subsections (a) and (c) of this Section 4.01 if necessary to comply with Sections 4.04, 8.04, and 8.05 of the Plan.

4.02 Transfer of Assets to or Receipt of
Assets from Other Qualified Plans

The Administrator may direct the Trustee to accept all of an Employee's funds transferred from a similar qualified plan, and may direct the Trustee to transfer all of a Participant's funds to a similar qualified plan, provided such other qualified plan (1) is maintained by an employer which is a member of a controlled group of corporations of which the Employee's current employer is a member, and (2) permits such transfers. Any funds so transferred shall be in cash, accompanied by written instructions from the Trustee setting forth the Employee for whose benefit such assets are being

transferred, and identifying the source of such accumulated funds. Funds transferred from other plans which otherwise would be subject to federal income taxation will be designated as Deferred Savings. No such transfer may be executed until all outstanding loan amounts have been repaid.

Notwithstanding the foregoing, the Plan may not receive a transfer from another qualified plan if such other plan provides, or at any time had provided, benefits through alternative forms of distribution, including annuities, which are not available under this Plan.

4.03

Rollovers

- (a) An Employee may make a rollover contribution, as permitted under Section 402(c) of the Code, into an option or options selected by such Employee in an amount not exceeding the total amount of taxable proceeds distributed by a similar qualified plan maintained by a former employer. The rollover contribution must be made by the Employee (a) within 60 days following the receipt of such distribution from the former employer's plan, or (b) as a direct trustee-to-trustee transfer from the former employer's plan as permitted under Section 401(a)(31) of the Code.

Notwithstanding the foregoing, the Plan may not receive a transfer from another qualified plan if such other plan provides, or at any time had provided, benefits through alternative forms of distribution, including annuities, which are not available under this Plan.

- (b) An Employee who receives an Eligible Rollover Distribution may elect to have the Trustee transfer

directly to an IRA of the Employee, or to another employer's plan in which the Employee is a participant, all or part of the assets included in the distribution. The Employee shall designate the IRA or other employer's plan to which assets are to be transferred, and the transfer shall be made subject to acceptance by the transferee plan or IRA. Any such direct transfer shall be subject to Section 401(a)(31) of the Code.

4.04 CASH OR DEFERRED ARRANGEMENT LIMITATION

- (a) The Deferred Savings percentage by the eligible Highly Compensated Employees under the Plan for a Plan Year must meet one of the following tests:
- (i) The actual Deferred Savings percentage of the eligible Highly Compensated Employees is not more than 1.25 times the actual Deferred Savings percentage of all other eligible Employees; or
 - (ii) The actual Deferred Savings percentage of the eligible Highly Compensated Employees is not more than two percentage points more than the actual Deferred Savings percentage for all other eligible Employees and is not more than 2.0 times (or, such lesser amount as the Secretary of the Treasury shall prescribe) the actual Deferred Savings percentage of all other eligible Employees.
- (b) The actual Deferred Savings percentage for the eligible Highly Compensated Employees and all other eligible Employees for a Plan Year is the average of the ratios (calculated separately for each eligible Employee) of the:

- (i) Amount of Deferred Savings actually paid over to the Plan trust not later than two and one-half months after the Plan Year on behalf of such eligible Employee for the Plan Year to:
 - (ii) The eligible Employee's Compensation for such Plan Year.
- (c) The amount of Deferred Savings for a Highly Compensated Employee that exceeds the percentage limitations of subsection (a) of this Section 4.04 shall be distributed to the Participant no later than two and one-half months following the end of the Plan Year. The amount of any such distribution shall be determined under a reasonable method selected by the Administrator under applicable tax regulations and will include any earnings attributable to the excess Deferred Savings.
- (d) Special Rules
- (i) in the event that this Plan satisfies the requirements of Sections 401(k), 401(a)(4), or 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such sections of the Code only if aggregated with this Plan, then this Section 4.04 shall be applied by determining the actual Deferred Savings percentage of eligible Employees as if all such plans were a single plan.
 - (ii) The actual Deferred Savings percentage for any Participant who is a Highly Compensated Employee for the Plan Year, and who is eligible to participate in two or more arrangements described in Section 401(k) of the Code that are maintained

by the Corporation, shall be determined by treating all such plans as a single plan. Notwithstanding the foregoing, certain plans shall be treated as separate if mandatorily disaggregated under regulations under Section 401(k) of the Code.

- (iii) In the event the limits of Section 4.04 are exceeded, then the actual Deferral Savings percentage of Highly Compensated Employees will be reduced (beginning with such Highly Compensated Employee whose contributions are the highest) until the limits are not exceeded. The amount by which each Highly Compensated Employee's Deferred Savings is reduced shall be treated as an excess contribution. The actual Deferred Savings percentage of the Highly Compensated Employees is determined after any corrections are made. Excess contributions shall be treated as Annual Additions.

ARTICLE V
AFTER-TAX SAVINGS

5.01 AFTER-TAX SAVINGS

- (a) In lieu of all or part of the contributions an Employee may authorize in accordance with Section 4.01, an Employee may elect to contribute an equivalent amount to the Plan on an after-tax basis. Such contributions shall be allocated to the Employee's Account and shall be vested immediately.

The Employee may elect, by providing appropriate direction to the party designated by the Administrator, to change the amount of such contributions or to have such contributions suspended at any time.

- (b) Any change in the rate of payroll deduction authorized by an Employee in accordance with subsection (a) of this Section 5.01 will become effective not later than the first day of the second pay period next following the date on which such authorization is received by the party designated by the Administrator.
- (c) The Corporation may limit the amount of contributions to the trust pursuant to subsection (a) of this Section 5.01 if necessary to comply with Sections 5.03, 5.05, and 8.04 of the Plan.

5.02 Transfer of Assets to or Receipt
of Assets from Other Qualified Plans

The Administrator may direct the Trustee to accept all of an Employee's funds transferred from a similar qualified plan,

and may direct the Trustee to transfer all of a Participant's funds to a similar qualified plan, provided such other qualified plan (1) is maintained by an employer which is a member of a controlled group of corporations of which the Employee's current employer is a member, and (2) permits such transfers. Any funds so transferred shall be in cash, accompanied by written instructions from the Trustee setting forth the Employee for whose benefit such assets are being transferred, and identifying the source of such accumulated funds. Funds transferred from other plans which otherwise would not be subject to federal income taxation will be designated as After-Tax Savings. No such transfer may be executed until all outstanding loan amounts have been repaid.

Notwithstanding the foregoing, the Plan may not receive a transfer from another qualified plan if such other plan provides, or at any time had provided, benefits through alternative forms of distribution, including annuities, which are not available under this Plan.

5.03

AFTER-TAX CONTRIBUTION LIMITATION

(a) The After-Tax Savings percentage by the eligible Highly Compensated Employees under the Plan for a Plan Year must meet one of the following tests:

- (i) The actual After-Tax Savings percentage of the eligible Highly Compensated Employees is not more than 1.25 times the actual After-Tax Savings percentage of all other eligible Employees; or
- (ii) The actual After-Tax Savings percentage of the eligible Highly Compensated Employees is not more than two percentage points more than the actual

After-Tax Savings percentage for all other eligible Employees and is not more than 2.0 times (or, such lesser amount as the Secretary of the Treasury shall prescribe) the actual After-Tax Savings percentage of all other eligible Employees.

- (b) The actual After-Tax Savings percentage for the eligible Highly Compensated Employees and all other eligible Employees for a Plan Year is the average of the ratios (calculated separately for each eligible Employee) of the:
- (i) Amount of After-Tax Savings actually paid over to the Plan trust on behalf of such eligible Employee for the Plan Year to:
 - (ii) The eligible Employee's Compensation for such Plan Year.
- (c) The amount of After-Tax Savings for a Highly Compensated Employee that exceeds the percentage limitations of subsection (a) of this Section 5.03 shall be distributed to the Participant no later than two and one-half months following the end of the Plan Year. The amount of any such distribution shall be determined under a reasonable method selected by the Administrator under applicable tax regulations and will include any earnings attributable to the excess After-Tax Savings.

5.04 SPECIAL RULES

- (a) In the event that this after-tax portion of the Plan satisfies the requirements of Sections 401(m), 401(a)(4),

or 410(b) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such sections of the Code only if aggregated with this after-tax portion of the Plan, then Section 5.02 shall be applied by determining the actual After-Tax Savings percentage of eligible Employees as if all such plans were a single plan.

- (b) The actual After-Tax Savings percentage for any Participant who is a Highly Compensated Employee for the Plan Year, and who is eligible to participate in two or more arrangements described in Section 401(m) of the Code that are maintained by the Corporation, shall be determined by treating all such plans as a single plan. Notwithstanding the foregoing, certain plans shall be treated as separate if mandatorily disaggregated under regulations under Section 401(m) of the Code.
- (c) In the event the limits of Section 5.03 are exceeded, then the actual After-Tax Savings percentage of Highly Compensated Employees will be reduced (beginning with such Highly Compensated Employee whose contributions are the highest) until the limits are not exceeded. The amount by which each Highly Compensated Employee's After-Tax Savings is reduced shall be treated as an excess aggregate contribution. The actual After-Tax Savings percentage of the Highly Compensated Employees is determined after any corrections are made. Excess aggregate contributions shall be treated as Annual Additions.

5.05 LIMITATION ON MULTIPLE USE

The following provisions apply to prevent the multiple use of the limits set forth in subsections 4.04(a)(ii) and 5.03(a)(ii). To determine if multiple use exists, the Administrator shall calculate the greater of:

- (a) 125% of the greater of the actual Deferred Savings percentage or the actual After-Tax Savings percentage for the non-Highly Compensated Employee (non-HCE) group; plus
- (b) the lesser of:
 - (i) Two percentage points plus the lesser of the actual Deferred Savings percentage or the actual After-Tax Savings percentage of the non-HCE group; or
 - (ii) 200% of the lesser of the actual Deferred Savings percentage or the actual After-Tax Savings percentage of the non-HCE group.

or

- (c) Subparagraphs (a) and (b) above where "lesser" is substituted for "greater" and "greater" is substituted for "lesser."

If this amount is less than the sum of the Actual Deferred Savings percentage plus the Actual After-Tax Savings percentage of the Highly Compensated Employee group, then multiple use exists. If multiple use exists, then the actual After-Tax Savings percentage will be reduced by refunding and then the actual Deferred Savings percentage will be reduced by refunding (each beginning

with such Employees with the highest amount of contributions)
so that multiple use does not exist.

ARTICLE VI
INVESTMENT OF PARTICIPANT'S SAVINGS

6.01 Investment Options

(a) Amounts contributed to the trust fund on behalf of Participants pursuant to subsections (a) and (c) of Section 4.01 and subsection (a) of Section 5.01 shall be invested in the Funds, in increments of 10%, as may be elected by the Participant.

(b) A Participant's initial investment election shall remain in effect until changed by the Participant.

A Participant's investment election may be changed on any Business Day by providing appropriate direction to the party designated by the Administrator. Any change in the Participant's investment election shall be effective as of the Effective Date of Investment Option Election.

(c) Amounts contributed to the trust fund on behalf of a Participant as provided in subsection (c) of Section 4.01 and Sections 4.02 and 5.02 shall be invested in the same investment option(s) as elected by the Participant pursuant to subsection (a) of this Section 6.01; provided, however, that if contributions are not being made to the trust fund on behalf of such Participant pursuant to subsections (a) of Sections 4.01 and 5.01, the Participant will be required, prior to the contribution or transfer of amounts pursuant to

subsection (c) of Section 4.01 and Sections 4.02 and 5.02, to make an election regarding the investment of such amount.

- (d) A Participant may, by giving appropriate direction to the party designated by the Administrator, transfer assets being held in such Participant's Account from one investment option to another investment option, as follows:
- (i) A transfer of assets may include all or any part of such assets in an investment option.
 - (ii) A Participant may elect a transfer of assets on any Business Day.
 - (iii) Any election to transfer assets shall be irrevocable, normally as of 4:00 p.m. Eastern Time, on the Business Day such election is received by the party designated by the Administrator.
 - (iv) Any appropriate election to transfer assets shall be processed as of the Effective Date of Transfer of Assets.
 - (v) Where excessive trading can undermine any of the Funds or exceed the available liquidity for any such Fund, the Corporation reserves the right to modify or suspend transfer and withdrawal privileges on any of the Funds, at any time, upon notice to Participants.

6.02 Vesting

Each Participant shall be fully vested in the assets credited to the Participant's Account, and no portion of such Account shall be subject to forfeiture.

6.03 Withdrawals

(a) A Participant may, by providing appropriate direction to the party designated by the Administrator, withdraw assets in such Participant's Account subject to the following provisions:

(1) Prior to receiving a withdrawal of Deferred Assets, a Participant must withdraw all available After-Tax Assets including any earnings thereon.

(2) Deferred Assets may be withdrawn from the Participant's Account, subject to the provisions outlined in subsection (a) of this Section 6.03, at any time after attaining age 59-1/2, or prior to age 59-1/2 because of termination of employment, death, Total and Permanent Disability, or Financial Hardship. Prior to receiving a withdrawal for Financial Hardship, a Participant previously must have taken all available asset distributions, withdrawals, and loans under all applicable plans maintained by the Corporation. The amount that may be withdrawn for a Financial Hardship shall be limited to the lesser of:

(i) the total amount of Deferred Savings in the Participant's Account as of the Effective Date of Withdrawal; or

- (ii) the amount required to meet the Financial Hardship, including any amounts necessary to pay reasonably anticipated income taxes and penalties resulting from the early withdrawal.
- (b) A Participant who has an outstanding loan(s) in accordance with Section 6.06 shall be permitted to make a withdrawal in accordance with subsection (a) of this Section 6.03.
- (c) A Participant who withdraws any Deferred Assets for Financial Hardship in accordance with subsection (a) of this Section 6.03 (1) will be suspended from accumulating further savings under this Plan, and all applicable plans maintained by the Corporation, for a period of 12 months immediately following such withdrawal, and (2) shall have such Participant's annual Deferred Savings limited, for the Plan Year next following the year in which the hardship withdrawal was made, to \$9,500 (or as may be adjusted by the Secretary of the Treasury of the United States) minus the amount of any Deferred Savings made during the year in which the hardship occurred.

A Transferred Employee who had a withdrawal of Deferred Assets for Financial Hardship under the GM Plan in the 12 month or period preceeding the day on which such Employee becomes a Transferred Employee will be suspended from accumulating savings under this Plan for a period immediately following the date such Employee becomes a Transferred Employee equal to 12 months reduced by the period savings were suspended under the GM Plan as of the day before the Effective Date.

- (d) Any election to withdraw assets shall be irrevocable, normally as of 4:00 p.m. Eastern Time, on the Business Day such election is received by the party designated by the Administrator.
- (e) The Date of Valuation on any appropriate election to withdraw assets, pursuant to this Section 6.03, shall be the Effective Date of Withdrawal.

6.04 Distribution of Assets

(a) Settlement Upon Termination of Employment

- (i) If a Participant terminates employment and (1) on the Effective Date of Termination the value of the Participant's assets is not, and was not at the time of any prior distribution, greater than \$3,500, or (2) the Participant has not made an election to defer continuously the distribution of assets pursuant to subsection (a)(ii) of this Section 6.04, settlement of all of the assets in the Participant's Account will be made and distributed upon the earlier of (1) the Participant's request for a settlement, or (2) the later of 60 days following the month in which (A) the Participant's termination of employment with the Corporation occurs, or (B) the Participant attains age 65. The Date of Valuation shall be the Effective Date of Withdrawal.
- (ii) If a Participant terminates employment and on the Effective Date of Termination the value of the Participant's assets exceeds (or at the time of any prior distribution exceeded) \$3,500, such Participant may elect, by providing appropriate

direction to the party designated by the Administrator, to (1) receive installment payments, (2) receive partial withdrawals, (3) receive a total settlement, or (4) defer continuously the distribution of assets in such Participant's Account. The Date of Valuation for any such installment payment, partial withdrawal, or total settlement shall be the Date of Withdrawal.

With regard to installment payments, a Participant may elect to receive such payments each calendar month, calendar quarter, semi-annual, or on an annual basis.

Installment payments must be in whole dollar amounts with \$100 established as the monthly minimum amount. A Participant may change or discontinue installment payments at any time by providing appropriate direction to the party designated by the Administrator.

If a terminated Participant does not request a total settlement prior to attaining age 70-1/2, distribution of assets in the Participant's Account will begin not later than April 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2 and shall be made annually thereafter in accordance with Section 401(a)(9) of the Code and the regulations thereunder, including the minimum distribution incidental benefit requirement of Section 1.401(a)(9)-2 of the Proposed Income Tax Regulations.

- (b) Attainment of Age 70-1/2
- (i) If a Participant attains age 70-1/2, and such Participant has not terminated employment, a

distribution of the Participant's assets will be made upon termination of employment pursuant to Section 6.04(a).

- (ii) All distributions required under this subsection shall be determined and made in accordance with Section 401 (a)(9) of the Code and the regulations thereunder, including the minimum distribution incidental benefit requirement of Section 1.401(a)(9)-2 of the Proposed Income Tax Regulations.

(c) Undeliverable Assets

In the event a distribution to a Participant or the Participant's beneficiary cannot be made pursuant to subsections (a) and (b) of this Section 6.04 and Section 8.02 because the identity or location of such Participant or beneficiary cannot be determined after reasonable efforts, and if the Participant's settlement remains undistributed for a period of one year from the Date of Valuation, the Administrator may direct that the settlement assets and earnings on such assets be returned to the trust fund and liquidated. All liability for payment thereof shall thereupon terminate; provided, however, in the event the identity or location of the Participant or beneficiary is determined subsequently, the value of the assets at the Date of Valuation shall be paid from the Plan to such person in a single sum. Any assets so liquidated shall be (1) paid to the Participant or beneficiary when the identity or location is determined, or (2) applied to reduce reasonable expenses of administering the Plan.

6.05 Form of Distribution

All distributions from the Plan will be paid out in cash. In the event of the death of a Participant and upon receipt of all information necessary to determine the beneficiary or beneficiaries, a settlement of all assets in the deceased Participant's account shall be made to the beneficiary or beneficiaries designated pursuant to Section 8.02.

6.06 Loans

(a) Subject to such rules as the Administrator may prescribe, a Participant, including a former Employee, may borrow from assets in such Participant's Account one time each calendar year, for any reason, an amount (when added to the outstanding balance of all other Plan loans) not more than the lesser of:

- (1) \$50,000 less the highest aggregate outstanding loan balance over the 12-month period preceding the Participant's application for loan; or
- (2) one-half of the Current Market Value of all assets in the Participant's Account.

For purposes of the above limitation, all loans from all plans maintained by the Corporation [or its subsidiaries in accordance with Section 414(b), (c), or (m) of the Code] shall be aggregated.

(b) Loans shall be granted in whole dollar amounts with one thousand dollars (\$1,000) established as the minimum amount of any loan.

- (c) Loans shall be granted for a minimum period of 12 months, with additional increments of 12 months as the Participant may elect, to a maximum of five years (ten years in the event the loan is for the purchase or construction of the Participant's principal residence), provided a Participant may not elect a term which will result in repayments of less than \$10 per pay period.

- (d) Loans shall bear a rate of interest equal to the Prime Rate prevailing as of the last Business Day of the quarter immediately preceding the date the Participant gives appropriate direction for a loan to the party designated by the Administrator.

The interest rate shall remain the same throughout the term of the loan.

- (e) For purposes of this Section 6.06, the Current Market Value of a Participant's assets shall be determined on the Effective Date of Loan.

- (f) Each loan shall be evidenced by a written Participant Loan Agreement that specifies:
 - (1) the amount of the loan;
 - (2) the term of the loan; and
 - (3) the repayment schedule, showing payments to be made in a level amount which will fully amortize the loan over its duration.

By endorsing and either cashing or depositing the check representing the loan, a Participant shall acknowledge receipt of the Participant Loan Agreement and agree to the terms and conditions contained therein.

- (g) Cash equal to the value of any loan granted shall be obtained by liquidating assets in the Participant's Account from investment options in which the Participant has assets, as the Participant may elect.
- (h) Repayment of a loan shall be through weekly payroll deductions, except that if the Participant is not an active Employee, such repayments shall be made through monthly installment payments. Payments of principal and interest shall be applied to reduce the outstanding balance of a loan. Loan repayment amounts shall be allocated to the Participant's Account in the same investment option(s) as elected by the Participant pursuant to subsection (a) of Section 6.01. A Participant shall be entitled to prepay the total outstanding loan balance or make partial prepayment at any time without penalty.
- (i) A Participant with an outstanding loan who is placed on layoff shall be entitled to:
 - (1) make installment payments equivalent in value to the payments deducted previously from the Participant's paycheck; or
 - (2) suspend loan payments for a period of up to 12 months while on layoff, provided such period does not extend beyond the maximum loan term,

- (j) A Participant with an outstanding loan who is placed on a disability leave of absence must make installment payments substantially equal to the payments deducted previously from the Participant's paycheck.
- (k) No earnings shall accrue to the Participant's Account with respect to the outstanding balance of any loan.
- (l) In the event a Participant fails to make a required loan payment and such failure continues beyond the last day of the calendar quarter following the calendar quarter in which the required payment was due, then the Participant shall be irrevocably deemed to have received a distribution of assets in an amount equal to the remaining outstanding principal amount of and accrued interest on the loan, calculated to the date of such deemed distribution.
- (m) A Participant (or beneficiary) who, prior to such Participant's repayment of the total principal amount of and accrued interest on a loan, requests or receives a settlement of assets, shall be deemed to have elected a withdrawal, pursuant to Section 6.03, equal to the principal amount of and accrued interest on the loan as of the Effective Date of Withdrawal.
- (n) Any appropriate direction given to borrow assets shall be irrevocable, normally as of 4:00 p.m. Eastern Time, on the Business Day such election is received by the party designated by the Administrator.
- (o) A Participant may have no more than five loans outstanding at any one time.

ARTICLE VII
TRUST FUND

- 7.01 Contributions to the Trustee
- (a) All Deferred and After-Tax Savings under this Plan will be paid to the Trustee who shall invest all such amounts and earnings thereon.
 - (b) Once the Deferred and After-Tax Savings are contributed to the Trustee by the Corporation, the Corporation shall be relieved of any further liability except as otherwise may be provided by The Employee Retirement Income Security Act of 1974.
- 7.02 Investment Options
The Trustee is to invest in the Funds.

ARTICLE VIII
OTHER PROVISIONS

- 8.01 Non-Assignability
Except as otherwise may be provided by Section 6.06, no right or interest of any Participant under this Plan or in the Participant's Account shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, without limitation, by execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner, except (1) in accord with provisions of a qualified domestic relations order as defined in IRC Section 414(p),

(2) a Participant's voluntary assignment of an amount not in excess of 10% of a distribution from the Plan, and (3) further excluding devolution by death or mental incompetency; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Participant under this Plan shall be liable for, or subject to, any obligation or liability of such Participant.

8.02 Designation of Beneficiaries in Event of Death

(a) A Participant may file with the party designated by the Administrator a written designation of a beneficiary or beneficiaries with respect to all or part of the assets in the Account of the Participant.

For a married Participant who dies, the entire balance of the Account shall be paid to the surviving spouse unless the written designation of beneficiary designating a person(s) other than the spouse with respect to part or all of the assets in the Account of the Participant includes the written consent of the spouse, witnessed by the Plan representative or a notary public. The written designation of beneficiary filed with the party designated by the Administrator may be changed or revoked at any time by the action of the Participant and, if necessary, the spouse. No designation or change of beneficiary will be effective until it is determined to be in order by the party designated by the Administrator, but when so determined it will be effective retroactively to the date of the instrument making the designation or change.

(b) In the event an unmarried Participant does not file a written designation of beneficiaries, such a Participant

shall be deemed to have designated as beneficiary or beneficiaries under this Plan the person or persons who receive the Participant's life insurance proceeds under the Corporation's Life and Disability Benefits Program for Delphi Hourly Employees, unless such Participant shall have assigned such life insurance, in which case the assets in the account shall be paid to the assignee.

- (c) A beneficiary or beneficiaries will receive, subject to the provisions of Section 6.05, in the event of the Participant's death, the assets in the Participant's Account in accordance with the applicable designation. If the Corporation shall be in doubt as to the right of any beneficiary to receive any such assets, the Corporation may deliver such assets to the estate of the Participant, in which case the Corporation shall not have any further liability to anyone.

8.03 Merger or Consolidation

In the event of any merger or consolidation with, or transfer of assets or liabilities to, any other plan or program, each Participant in the Plan would, if the Plan then terminated, receive the assets in each such Participant's Account immediately after the merger, consolidation, or transfer which are at least equal in value to the assets each such Participant would have been entitled to receive immediately before the merger, consolidation, or transfer, if the Plan had then terminated.

8.04 Limitations on Contributions and Benefits

- (a) General Provisions
For purposes of this Section:

- (i) The term "Limitation Year" shall mean the Plan Year.
 - (ii) All defined benefit plans or programs of the Corporation will be treated as one defined benefit plan or program, and all defined contribution plans or programs will be treated as one defined contribution plan or program.
 - (iii) No contribution to this Plan may exceed the limits provided under Section 404 of the Code for current deductibility for income tax purposes.
 - (iv) Contributions made to the trust by the Corporation pursuant to subsection (c) of Section 4.01 shall be allocated to a Participant's Account within the current Limitation Year.
 - (v) For purposes of this Section, the term "Compensation" shall mean compensation as defined under Section 415(c)(3) of the Code and the regulations thereunder.
 - (vi) The term "Annual Additions" shall mean the sum, for any Limitation Year, of Employee contributions, Corporation contributions, and forfeitures allocated to an Employee's account under all defined contribution plans.
- (b) In no event shall contributions or benefits under this Plan exceed the limits of Section 415 of the Code and the regulations thereunder.

- (c) For any Employee who participates under this Plan and any defined contribution plan or defined benefit plan of the Corporation, the sum of such Employee's Annual Additions shall not exceed the lesser of \$30,000 (or such other amount prescribed by the Secretary of the Treasury applicable to the Limitation Year) or 25% of such Employee's Compensation for any Limitation Year.
- (d) Any amounts elected to be contributed by an Employee pursuant to Section 5.01 of Article V which cannot be contributed as a result of the application of subsection (c) of this Article VIII shall be returned to the Employee and, if necessary, any amounts elected to be contributed by an Employee pursuant to subsections (a) or (c) of Section 4.01 of Article IV which cannot be contributed as a result of the application of subsection (c) of this Article VIII shall be returned to the Employee.

8.05 **Deferred Savings Limitation**
A Participant's annual Deferred Savings under this Plan and all similar contributions to other plans maintained by the Corporation or any other employer may not exceed \$9,500 (as adjusted by the Secretary of the Treasury). In the event a Participant identifies, in writing, before March 2 following the end of the Plan Year an amount of Deferred Savings as exceeding this limitation, as applied to this Plan and all other plans in which such Employee participated, such amounts will be refunded to the Participant no later than April 15 following the receipt of such written notice from the Participant. In the event the Administrator identifies an amount in excess of the limitation, the Participant will be

deemed to have notified the Administrator, and such amount will be refunded to the Participant.

8.06 Provisions to Comply With Section 416 of the Code

- (a) In any Plan Year in which the Plan is considered a "Top-Heavy Plan," as defined in Section 416 of the Code, the requirements of Section 416 of the Code, and the regulations thereunder, are applicable and must be satisfied.
- (b) The definition of a "Top-Heavy Plan" set forth in Section 416(g) of the Code and the additional definitions set forth in Section 416(i) of the Code are herein incorporated by reference.
- (c) If the Plan is determined to be a "Top-Heavy Plan" for a Plan Year, the Corporation shall make contributions equal to three percent of Compensation on behalf of each Participant who is not a "key employee" under Section 416 of the Code.

8.07 Investment Decisions

Any Participant or beneficiary, who makes an investment election permitted under the Plan or otherwise exercises control permitted under the Plan over the assets in the account, shall be deemed the named fiduciary under the Employee Retirement Income Security Act of 1974 (hereinafter referred to as ERISA), as amended, responsible for such decisions to the extent that such designation is permissible under applicable law and that the investment election or other exercise of control is not protected by Section 404(c) of ERISA.

8.08 Special Provisions Regarding Veterans

- (a) In the event an Employee is rehired following qualified military service, as defined in the Uniformed Services Employment and Re-Employment Rights Act, such Employee will be entitled to have the Corporation make contributions to the Plan from such Employee's current earnings that shall be attributable to the period of time contributions were not otherwise allowable due to military service. Such contributions shall be in addition to contributions otherwise permitted under Sections 4.01 and 5.01, and shall be made as permitted under this Section and Section 414(u) of the Code.
- (b) Additional contributions permitted under this Section shall be based on the amount of Eligible Weekly Earnings and Profit Sharing Amount that the Employee would have received from the Corporation (or, for a Transferred Employee, from GM or the Corporation) but for the military service, and such contributions shall be subject to the Plan's (and, for a Transferred Employee, the GM Plan's) terms and conditions in effect during the applicable period of military service.
- (c) Additional contributions made under this Section shall not be taken into account in the current year, or the year to which they are attributable to, for purposes of calculating and applying any limitation or requirement identified in Section 414(u)(1) of the Code. However, in no event may such contributions, when added to actual contributions previously made, exceed the amount of contributions allowable under the applicable limits in effect during the year of military service if the Employee had continued to be employed by the Corporation.

- (d) If an Employee covered by this Section has an outstanding loan(s) during the period of qualified military service covered by this Section, loan payments shall be suspended during such period, and the time for repayment of such loan(s) shall be extended for a period of time equal to the period of qualified military service.

8.09 Prohibition on Reversion

The Plan shall be maintained and administered for the exclusive purpose of providing benefits to Participants and beneficiaries and defraying reasonable expenses. Except as provided herein, Plan funds may not revert to the Corporation. All contributions to the Plan are conditioned on their deductibility under Section 404 of the Code at the time made. All or any part of a contribution for which a deduction is not allowed may be returned to the Corporation within one year of the date of disallowance. Further, in the event contributions are made due to a mistake or an administration error, such contributions may be returned to the Corporation within one year of the date of discovery of such mistake or error.

ARTICLE IX
ADMINISTRATION

9.01 Administrative Responsibility

The Committee shall be the Named Fiduciary with respect to the Plan except as set forth below and in Section 8.07. The Committee may delegate authority to carry out such of its responsibilities as it deems proper to the extent permitted by ERISA. Except as set forth in Section 8.07, the Committee is the Named Fiduciary of this Plan for purposes of investment of Plan assets. The Committee may delegate authority to carry

out such of its responsibilities as it deems proper to the extent permitted by ERISA.

Pursuant to authority delegated to it by the Named Fiduciary, the Committee, or its delegate, shall have responsibility for the day-to-day operation, management, and administration of the Plan, including full power and authority to construe, interpret, and administer this Plan and to pass upon and decide cases presenting unusual circumstances in conformity with the objectives of the Plan and under such rules as the Committee, or its delegate, may establish. Decisions of the Committee, or its delegate, shall be final and binding upon the Corporation and its employees.

9.02 Records

The Administrator shall provide for the maintenance of suitable records to reflect the separate Account balance of each Participant's contributions and any earnings thereon.

The Administrator shall make, or cause to be made, valuations of the trust fund or market value at least annually.

9.03 Administrative Expenses

Administrative expenses of the Plan shall be paid from assets liquidated pursuant to subsection (c) of Section 6.04. To the extent such expenses are not thereby paid in full, such expenses will be paid by the Corporation.

9.04 Participant Statements

Each Participant will be furnished a statement four times per year showing the Current Market Value of the assets, including earnings, credited to the Participant's Account.

9.05 Incapacity

If the Administrator deems any person incapable of receiving any distribution to which such person is entitled under this Plan because such person has not yet reached the age of majority, or because of illness, infirmity, mental incompetency or other incapacity, it may make payment, for the benefit or the account of such incapacitated person, to any person selected by the Administrator, whose receipt thereof shall be a complete settlement thereof. Such payments shall, to the extent thereof, discharge all liability of the Corporation and each other fiduciary with respect to this Plan.

9.06 Notice of Claim Denial

The Administrator will provide adequate notice, in writing, to any Participant or beneficiary whose claim for benefits under the Plan has been denied, setting forth the specific reasons for such denial.

The Participant or beneficiary will be given an opportunity for a full and fair review by the Named Fiduciary, or its delegate, of the decision denying the claim. The Participant or beneficiary will be given 60 days from the date of the notice denying such claim within which to request such review.

9.07 Confidential Information

The Administrator, or its delegate, shall be responsible for ensuring that sufficient procedures are in place and followed to safeguard the confidentiality (except to the extent necessary to comply with federal laws or state laws not preempted by ERISA) of information relating to the purchase, holding, and sale of securities, and the exercise of voting, tender, and similar rights with respect to such securities by

Participants and beneficiaries. If deemed necessary by the Administrator, due to potential for undue employer influence with regard to exercise of shareholder rights, an independent party will be appointed by the Administrator to carry out instructions of Participants or beneficiaries relating to such rights.

ARTICLE X
AMENDMENT, MODIFICATION,
SUSPENSION, OR TERMINATION

10.01 Amendment, Modification,
Suspension, or Termination

The Corporation reserves the right, by and through its Board of Directors, the Committee, or a delegate of either, to amend, modify, suspend, or terminate the Plan, but any such action shall have no retroactive effect which would prejudice the interests of the Participants.

10.02 Distribution Upon Plan Termination

In the event of termination or partial termination of the Plan without establishment of a successor plan, the Administrator may direct the Trustee to:

- (a) continue to administer the trust fund and pay Account balances in accordance with Section 6.04 to Participants affected by the termination of the Plan upon their termination of employment, or to beneficiaries upon such a Participant's death, until the trust fund has been liquidated; or

- (b) distribute as soon as administratively feasible the assets remaining in the trust fund in a lump sum to Participants and beneficiaries in proportion to their respective Account balances.
- (c) In the event of termination, or partial termination, or a complete discontinuance of contributions under the Plan, the account balance of each affected Participant will be non-forfeitable.

10.03 Distribution Upon Sale of
Subsidiary or Corporation Assets

Upon termination of employment of a Participant with the Corporation as a result of the sale or disposition of (i) a Corporation subsidiary which is the employer of such Participant or (ii) substantially all of the assets used by the Corporation at the location where such Participant is employed; and provided that immediately after the sale or disposition the Corporation maintains an ownership interest in the acquiring company, if any, of less than 15%; and further provided that such Participant continues employment with the acquiring company; then such Participant may elect to receive a settlement of all assets in the Participant's Account at any time prior to attaining age 59-1/2, subject to Article VI, Section 6.04, but only if the distribution is made by the end of the second calendar year after the calendar year in which the sale or disposition occurred.

Adopted on the ____ day of July, 1998.

LEAR CORPORATION

By _____
Michael Miller
Secretary, Employee Benefits Committee

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated January 30, 1998 included in Lear Corporation's Form 10-K for the year ended December 31, 1997, and to all references to our firm included in this registration statement.

/s/ Arthur Andersen LLP

Detroit, Michigan
August 27, 1998

Arthur Andersen LLP