
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) **April 25, 2007**

LEAR CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

1-11311

13-3386776

(State or other
jurisdiction of
incorporation)

(Commission File Number)

(IRS Employer
Identification
Number)

21557 Telegraph Road, Southfield, Michigan

48033

(Address of principal executive offices)

(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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Lear Corporation (“Lear” or the “Company”) is filing this Form 8-K to (i) furnish information regarding Lear’s results of operations for the first quarter of 2007, (ii) update Lear’s financial outlook for 2007 and (iii) supplement Lear’s Current Report on Form 8-K initially filed on June 27, 2005, as supplemented on August 30, 2005, January 25, 2006, October 26, 2006, January 11, 2007 and January 25, 2007, in order to update certain disclosures with respect to Lear’s restructuring strategy (the “Restructuring”).

FORWARD-LOOKING STATEMENTS

The Current Report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. 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 or currency exchange rates, the financial condition of the Company’s customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, disruptions in the relationships with the Company’s suppliers, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company’s ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, 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 costs and availability, the Company’s ability to mitigate the significant impact of 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 cash flow, including the Company’s ability to align its vendor payment terms with those of its customers, the finalization of the Company’s restructuring strategy and other risks described from time to time in the Company’s Securities and Exchange Commission filings. In particular, the Company’s financial outlook for 2007 is based on several factors, including the Company’s current vehicle production and raw material pricing assumptions. The Company’s actual financial results could differ materially as a result of significant changes in these factors. The Company’s proposed merger with AREP Car Acquisition Corp. is subject to various conditions including the receipt of the requisite stockholder approval from the Company’s stockholders, antitrust approvals and other conditions to closing customary for transactions of this type. No assurances can be given that the proposed transaction will be consummated or, if not consummated, that the Company will enter into a comparable or superior transaction with another party.

The forward-looking statements in this Current Report on Form 8-K are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

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 April 25, 2007, Lear Corporation issued a press release reporting its financial results for the first quarter of 2007 and updating its financial outlook for 2007. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

On April 25, 2007, Lear Corporation made available the presentation slides attached hereto as Exhibit 99.2 in a webcast of its first quarter 2007 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.

Item 2.05 Costs Associated with Exit or Disposal Activities.

As part of its previously announced Restructuring, Lear has continued consolidation and census actions. In the first quarter of 2007, these actions resulted in net charges of \$15.8 million, consisting of employee termination costs of \$24.1 million, fixed asset impairment charges of \$0.4 million, contract termination costs of (\$12.7) million (including a net pension and other postretirement benefit plan curtailment gain of \$13.9 million) and other costs of \$4.0 million (including \$2.2 million of manufacturing inefficiency costs resulting from the Restructuring). The severance and other incremental costs represent cash charges, while the asset impairment charges represent non-cash charges. Cash payments related to the Restructuring totaled \$42.3 million in the first quarter of 2007.

Although all aspects of the Restructuring have not been finalized, the Company continues to expect to incur total pretax costs of approximately \$300 million in connection with the Restructuring, of which \$219.9 million of costs have been incurred to date. The remaining costs are expected to be incurred in 2007. Lear continues to estimate that approximately 90% of the restructuring costs will result in cash expenditures.

Item 2.06 Material Impairments.

The information set forth under Item 2.05 relating to impairment charges is incorporated herein by reference.

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.

(d) Exhibits

- 99.1 Press release issued April 25, 2007, furnished herewith.
- 99.2 Presentation slides from the Lear Corporation webcast of its first quarter 2007 earnings call held on April 25, 2007, furnished herewith.

SIGNATURES

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

Lear Corporation

Date: April 25, 2007

By: /s/ James H. Vandenberghe

Name: James H. Vandenberghe
Title: Vice Chairman and
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release issued April 25, 2007, furnished herewith.
99.2	Presentation slides from the Lear Corporation webcast of its first quarter 2007 earnings call held on April 25, 2007, furnished herewith.

Investor Relations:**Mel Stephens**
(248) 447-1624**Media:****Andrea Puchalsky**
(248) 447-1651**Lear Reports First-Quarter Financial Results and
Updates Full-Year 2007 Outlook**

SOUTHFIELD, Mich., April 25, 2007— Lear Corporation [NYSE: LEA], a leading global supplier of automotive seating, electronics and electrical distribution systems, today reported financial results for the first quarter and updated its 2007 financial outlook.

First-Quarter Highlights:

- **Reported net sales of \$4.4 billion and improved pre-tax income**
- **Improved 2007 full-year financial outlook**
- **Completed North American Interior business joint venture**
- **Received numerous awards and customer recognition**
- **Entered into Merger Agreement with an affiliate of Carl C. Icahn**

For the first quarter of 2007, Lear reported net sales of \$4.4 billion and pretax income of \$82.3 million, including restructuring costs of \$15.8 million and other special items totaling \$10.7 million. For the first quarter of 2006, Lear reported net sales of \$4.7 billion and pretax income of \$14.8 million. Excluding restructuring costs and other special items, Lear would have had pretax income of \$108.8 million in the first quarter of 2007. This compares with pretax income before restructuring costs and other special items of \$15.5 million in the same period a year earlier. A reconciliation of pretax income before restructuring costs and other special items to pretax income as determined by generally accepted accounting principles is provided in the supplemental data pages.

“I want to thank the Lear team for all of their hard work in delivering improved financial results during these challenging times, while continuing to maintain a strong focus on supporting our customers,” said Bob Rossiter, Lear Chairman and Chief Executive Officer. “Now that we have completed the divestiture of the Interior business, our full attention is on strengthening our core seating, electronics and electrical distribution businesses.”

(more)

The decline in net sales for the quarter reflects primarily lower production in North America and the divestiture of Lear's European Interior business, offset in part by new business mainly outside of North America and favorable foreign exchange. Operating improvement reflects favorable cost performance and the benefit of new business, offset in part by lower production in North America.

The improvement in Lear's core businesses in the first quarter was driven by solid performance in the seating segment. The year-over-year improvement in seating primarily reflects favorable cost performance and the impact of new business mainly outside of North America. In the electronics and electrical distribution segment, results were below year-ago levels but improved sequentially over the fourth quarter of 2006. Compared with a year ago, the major adverse factor impacting this segment is lower production on key platforms in North America.

Lear reported net income of \$49.9 million, or \$0.64 per share, including restructuring costs and other special items, for the first quarter of 2007. This compares with net income of \$17.9 million, or \$0.26 per share, including restructuring costs and other special items, for the first quarter of 2006.

First-quarter free cash flow was negative \$32.1 million, compared with negative \$91.3 million in the first quarter of 2006. The improvement primarily reflects lower capital spending and the increase in earnings. (Net cash used in operating activities was \$41.8 million in the first quarter of 2007 as compared to net cash provided by operating activities of \$39.4 million in the first quarter of 2006. A reconciliation of free cash flow to net cash provided by (used in) operating activities is provided in the supplemental data pages.)

During the quarter, the Company made important progress on strategic priorities by completing the North American Interior business joint venture. In addition, Lear maintained its quality and customer service momentum and was the recipient of several customer awards and recognition, including GM Supplier of the Year, three World Excellence awards from Ford and Superior Supplier Diversity and Excellence in Quality from Toyota, as well as other performance awards from Porsche, Fiat-Brazil, Mazda and Shanghai GM.

The Company also continued to implement its global restructuring plan, expand its infrastructure in Asia and grow its global sales with Asian manufacturers.

Full-Year 2007 Outlook

Summarized below is the 2007 financial outlook for Lear's core businesses. The outlook excludes results for Lear's Interior business for the full year. On this basis, Lear expects 2007 net sales of approximately \$14.8 billion.

Lear anticipates 2007 income before interest, other expense, income taxes, restructuring costs and other special items (core operating earnings) to be in the range of \$580 to \$620 million, an improvement of \$20 million from our prior forecast. The revised full-year outlook reflects more favorable production volumes and improved cost performance in international operations.

Restructuring costs in 2007 are estimated to be about \$100 million.

Interest expense is estimated to be in the range of \$210 to \$220 million. Pretax income before restructuring costs and other special items is estimated to be in the range of \$290 to \$330 million. Tax expense is expected to be between \$100 and \$120 million, depending on the mix of earnings by country.

Capital spending in 2007 is estimated at approximately \$250 million. Depreciation and amortization expense is estimated to be about \$310 million.

Free cash flow is expected to be positive at about \$240 million for the year.

Key assumptions underlying Lear's financial outlook include expectations for industry vehicle production of approximately 15.2 million units in North America and 19.3 million units in Europe. Lear continues to see production for the Big Three in North America being down slightly, as compared with 2006. In addition, we are assuming an exchange rate of \$1.32/Euro.

Lear will webcast its first-quarter earnings conference call through the Investor Relations link at <http://www.lear.com> at 9:00 a.m. EDT on April 25, 2007. 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 May 9, 2007, with a Conference I.D. of 8910968.

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 "income before interest, other expense, income taxes, restructuring costs and other special items" (core operating earnings), "pretax income before restructuring costs and other special items" and "free cash flow" (each, a non-GAAP financial measure). Free cash flow represents net cash provided by operating activities before the net change in sold accounts receivable, less capital expenditures. The Company believes it is appropriate to exclude the net change in sold accounts receivable in the calculation of free cash flow since the sale of receivables may be viewed as a substitute for borrowing activity.

Management believes the non-GAAP financial measures used in this press release are useful to both management and investors in their analysis of the Company's financial position and results of operations. In particular, management believes that core operating earnings and pretax income before restructuring costs and other special items are useful measures in assessing the Company's financial performance by excluding certain items that are not indicative of the Company's core operating earnings or that may obscure trends useful in evaluating the Company's continuing operating activities. Management also believes that these measures are useful to both management and investors in their analysis of the Company's results of operations and provide 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.

Core operating earnings, pretax income before restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for pretax income, net income, cash provided by (used in) operating activities or other income statement 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 reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, 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 <http://www.lear.com>. Given the inherent uncertainty regarding special items and the net change in sold accounts receivable in any future period, a reconciliation of forward-looking financial measures is not feasible. The magnitude of these items, however, may be significant.

Forward-Looking Statements

This new release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. 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 or currency exchange rates, the financial condition of the Company's customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, disruptions in the relationships with the Company's suppliers, labor disputes

involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, 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 costs and availability, the Company's ability to mitigate the significant impact of 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 cash flow, including the Company's ability to align its vendor payment terms with those of its customers, the finalization of the Company's restructuring strategy and other risks described from time to time in the Company's Securities and Exchange Commission filings. In particular, the Company's financial outlook for 2007 is based on several factors, including the Company's current vehicle production and raw material pricing assumptions. The Company's actual financial results could differ materially as a result of significant changes in these factors. The Company's proposed merger with AREP Car Acquisition Corp. is subject to various conditions including the receipt of the requisite stockholder approval from the Company's stockholders, antitrust approvals and other conditions to closing customary for transactions of this type. No assurances can be given that the proposed transaction will be consummated or, if not consummated, that the Company will enter into a comparable or superior transaction with another party.

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, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

Lear Corporation is one of the world's largest suppliers of automotive seating systems, electronic products and electrical distribution systems. In 2006, Lear ranked #130 among the Fortune 500. Lear's world-class products are designed, engineered and manufactured by a diverse team of more than 90,000 employees at 242 facilities in 33 countries. Lear's headquarters are in Southfield, Michigan. 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>.

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Lear Corporation and Subsidiaries
Consolidated Statements of Income

(Unaudited; in millions, except per share amounts)

	Three Months Ended	
	March 31, 2007	April 1, 2006
Net sales	\$ 4,406.1	\$ 4,678.5
Cost of sales	4,095.2	4,459.3
Selling, general and administrative expenses	126.5	165.0
Loss on divestiture of Interior business	25.6	—
Interest expense	51.5	47.7
Other (income) expense, net	25.0	(8.3)
Income before income taxes and cumulative effect of a change in accounting principle	82.3	14.8
Income tax provision (benefit)	32.4	(0.2)
Income before cumulative effect of a change in accounting principle	49.9	15.0
Cumulative effect of a change in accounting principle, net of tax	—	2.9
Net income	\$ 49.9	\$ 17.9
Basic net income per share		
Income before cumulative effect of a change in accounting principle	\$ 0.65	\$ 0.22
Cumulative effect of a change in accounting principle	—	0.05
Basic net income per share	\$ 0.65	\$ 0.27
Diluted net income per share		
Income before cumulative effect of a change in accounting principle	\$ 0.64	\$ 0.22
Cumulative effect of a change in accounting principle	—	0.04
Diluted net income per share	\$ 0.64	\$ 0.26
Weighted average number of shares outstanding		
Basic	76.4	67.2
Diluted	78.0	67.9

Lear Corporation and Subsidiaries
Consolidated Balance Sheets

(In millions)

	March 31, 2007	December 31, 2006
	(Unaudited)	(Audited)
ASSETS		
Current:		
Cash and cash equivalents	\$ 330.4	\$ 502.7
Accounts receivable	2,412.7	2,006.9
Inventories	599.0	581.5
Current assets of business held for sale	38.3	427.8
Other	317.6	371.4
	3,698.0	3,890.3
Long-Term:		
PP&E, net	1,425.9	1,471.7
Goodwill, net	2,006.6	1,996.7
Other	530.5	491.8
	3,963.0	3,960.2
Total Assets	\$ 7,661.0	\$ 7,850.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Short-term borrowings	\$ 11.5	\$ 39.3
Accounts payable and drafts	2,480.3	2,317.4
Accrued liabilities	1,152.8	1,099.3
Current liabilities of business held for sale	16.7	405.7
Current portion of long-term debt	26.4	25.6
	3,687.7	3,887.3
Long-Term:		
Long-term debt	2,431.8	2,434.5
Long-term liabilities of business held for sale	21.6	48.5
Other	827.4	878.2
	3,280.8	3,361.2
Stockholders' Equity	692.5	602.0
Total Liabilities and Stockholders' Equity	\$ 7,661.0	\$ 7,850.5

Lear Corporation and Subsidiaries
Supplemental Data

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

	Three Months Ended	
	March 31, 2007	April 1, 2006
Net Sales		
North America	\$ 2,225.8	\$ 2,641.8
Europe	1,766.7	1,677.2
Rest of World	413.6	359.5
Total	\$ 4,406.1	\$ 4,678.5
Content Per Vehicle *		
North America	\$ 585	\$ 640
Total Europe	\$ 347	\$ 329
Free Cash Flow **		
Net cash provided by (used in) operating activities	\$ (41.8)	\$ 39.4
Net change in sold accounts receivable	38.9	(38.1)
Net cash provided by (used in) operating activities <u>before</u> net change in sold accounts receivable	(2.9)	1.3
Capital expenditures	(29.2)	(92.6)
Free cash flow	\$ (32.1)	\$ (91.3)
Depreciation and Amortization	\$ 74.5	\$ 97.8
Basic Shares Outstanding at end of quarter	76,658,409	67,330,515
Diluted Shares Outstanding at end of quarter ***	78,080,260	67,782,193
Pretax income before restructuring costs and other special items **		
Pretax income	\$ 82.3	\$ 14.8
Costs related to divestiture of Interior business	33.8	—
Fixed asset impairment charges	—	2.0
Costs related to restructuring actions	15.8	24.6
U.S. salaried pension plan curtailment gain	(36.4)	—
Costs related to merger transaction	9.4	—
(Gain) loss on joint venture transactions	3.9	(25.9)
	\$ 108.8	\$ 15.5

* Content Per Vehicle for 2006 has been updated to reflect actual production levels.

** See “Non-GAAP Financial Information” included in this news release.

*** Calculated using stock price at end of quarter. Excludes shares related to outstanding convertible debt, as well as certain options, restricted stock units, performance units and stock appreciation rights, all of which were antidilutive.



advance relentlessly®

First-Quarter 2007 Results and Full-Year 2007 Financial Outlook

April 25, 2007



Agenda

- ▶▶ First-Quarter 2007 Highlights
 - *Bob Rossiter, Chairman and CEO*
- ▶▶ Operating Priorities
 - *Doug DelGrosso, President and COO*
- ▶▶ Financial Review
 - *Jim Vandenberghe, Vice Chairman and CFO*
- ▶▶ Q and A Session

First-Quarter 2007 Highlights

- ▶▶ Improved first-quarter financial results and 2007 outlook
- ▶▶ Completed North American Interior business joint venture
- ▶▶ Continued to manage the business on a product-line basis
- ▶▶ Maintained quality and customer service momentum and received numerous customer awards and industry recognition
- ▶▶ Continued comprehensive global restructuring actions
- ▶▶ Expanded infrastructure in Asia; grew total Asian sales
- ▶▶ Entered into merger agreement with an affiliate of Carl C. Icahn

Update on Merger Proposal

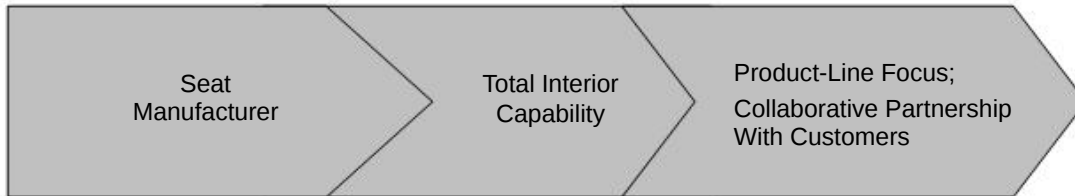
<u>Merger-Related Events</u>	<u>Date</u>
45-day “Go-Shop” or solicitation period ended, with no competing bids received	March 26
Record date for Annual Stockholders’ Meeting	May 14
Distribute final Proxy and 2006 Annual Report	Mid-May
Annual Stockholders’ Meeting	June 27

Long-Range Plan

A Strategic Partner For OEMs



Evolution of Lear



Major Initiatives Over Time

Strategic Acquisitions

Operational Excellence

Strategic Repositioning

Strategic Repositioning -- Key Elements

Product-Line Focus

- ▶▶ Divest Interior business -- now complete
- ▶▶ Focus on strengthening core businesses -- ongoing
 - Leverage leadership position in Seating Systems
 - Strengthen capabilities in Electronics and Electrical Distribution Systems and
 - Expand capabilities in value-added components

Operating Priorities

- ▶▶ World-class quality and customer satisfaction
- ▶▶ Global restructuring and footprint actions
- ▶▶ Priority emphasis on Asia / Asian OEM growth
- ▶▶ Product innovation with focus on safety and technology

Operating Priorities

Making Progress on Operating Priorities

- ▶▶ Continued improvement in quality and customer satisfaction metrics; received numerous customer awards and industry recognition
- ▶▶ Continued progress on global restructuring initiatives and cost improvements
- ▶▶ Significant progress on expanding our infrastructure in Asia and winning new Asian business globally
- ▶▶ Showcased new products and technologies at SAE World Congress



Customer Awards

"Supplier of the Year" for global Seating Systems



3 World Excellence Awards--

"Gold Award" for Genk, Belgium seating plant

"Silver Award" for St. Thomas, Ontario Canada seating plant

"Recognition of Achievement" for consumer-driven Six-Sigma at St. Thomas, Ontario Canada seating plant



"Outstanding Performance – Quality and Delivery" at East London, South Africa



"Superior Supplier Diversity" and

"Excellence in Quality" at Edinburg, Indiana



"Outstanding Supplier Performance Award" at Boeblingen, Germany



"Value Analysis / Value Engineering Performance Award" and

"Value Analysis Award" for most cost saving ideas generated



"Supplier Award for Successful Partnership" in Brazil



"Supplier of the Year" at Liuzhou, China



Industry Recognition

"...Most Impressive Stereo Sound in the World"

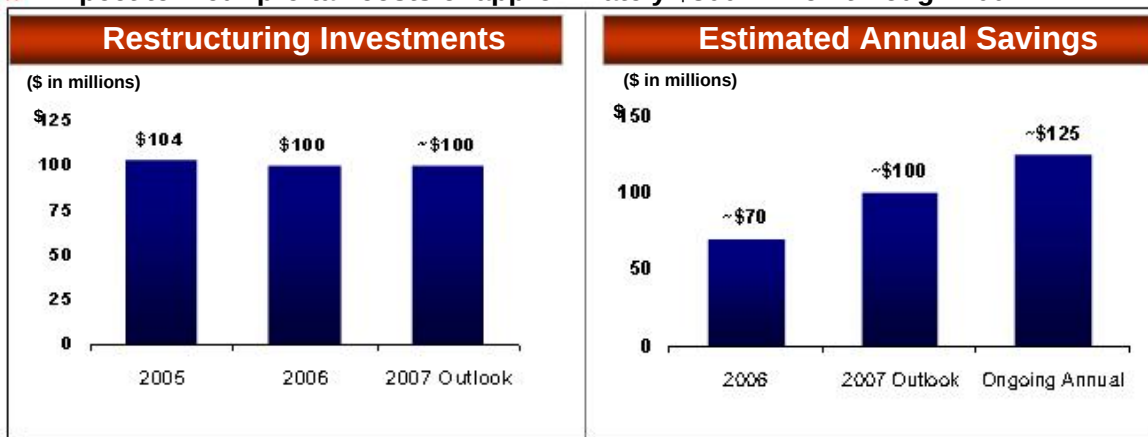
(from March 2007 review of Lear's premium sound system in the BMW M5)

Implementing Global Restructuring Initiative *

▶ Initiated closure of 15+ manufacturing facilities and consolidating numerous administrative centers, reducing census by 5-7% and increasing sourcing and engineering in low-cost countries:

- Move manufacture of seat components (metals and headrests) to low-cost countries (Northern Mexico, Eastern Europe and Asia)
- Transfer European wire harness operations to low-cost countries (Eastern Europe, North Africa and Asia)
- Align production capacity to match customer actions
- Streamlined global organizational structure in place

▶ Expect to incur pre-tax costs of approximately \$300 million through 2007



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

Expanding Our Presence in Asia*

Well positioned for growth in fast growing Asian markets

China

- 18 facilities (+6 new in 2007)
- 2 engineering/R&D centers in Shanghai (+1 new CTO center in 2007)
- 18 program launches in 2006
- 20 program launches in 2007
- 25 customers
- Seats, Electrical Distribution, Electronics

India

- 7 facilities (+3 new in 2007)
- 1 engineering center in Mumbai
- 3 program launches in 2006
- 4 program launches in 2007
- 7 customers
- Seats

Other facilities in Asia

Korea

- 4 facilities
- 1 engineering center in Seoul
- Seats

Japan

- 5 facilities
- 1 engineering center in Atsugi (Tokyo)
- 1 engineering center in Hiroshima

Thailand

- 3 facilities
- Seats, Seat Trim

Philippines

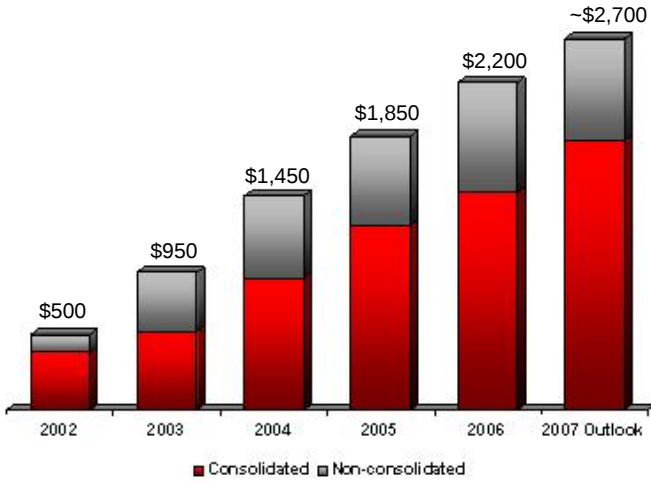
- 4 facilities
- 1 engineering/CTO center in Cebu
- Electrical Distribution, Electronics

* Includes facilities held through joint ventures.

Aggressively Growing Total Asian Sales^{***}

Total Asian Sales -- Core Business **

(\$ in millions)



2006 Highlights

- ▶▶ 75% seating / 25% electronics and electrical
- ▶▶ 53% in Asia / 44% in North America / 3% in Europe

2007 Highlights

- ▶▶ Automotive leader in China seating market:
 - Sales > \$500 million*
 - Supply nearly 20 OEMs on > 100 vehicle programs
 - 18 facilities with approximately 6,000 employees
 - Our fastest growing market
- ▶▶ 9 new facilities in India and China supporting Ford, Mazda, Chery, TATA, M&M, BMW and Hyundai

* Includes consolidated and non-consolidated sales.

Targeting Asian Growth Of 25% Annually

** Includes sales in Asia and with Asian manufactures globally.

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

New Asian Program Awards in First Quarter **

Customer	Market	Lear Content	Future Vehicle Program(s)	SOP
Nissan Motor Co.	Global	Smart Junction Box	B Car/Light Truck	2008/2009
Hyundai Motor Company	China	Seating	Elantra Notchback	Feb-08
Nissan Motor Co.	Japan	Seating	Micra/March	Mar-09
Nissan Motor Co.	China/Japan	Wire Harnesses	Cube/Quest/Light Truck	2008/2009
Geely Automobile	China	Seating	FC-1 Sedan	Dec-07
Mahindra & Mahindra Limited	India	Seating	Scorpio Export Model	Jun-08
DongFeng Motor Corporation	China	Seating	BF Model	Mar-08
Shanghai General Motors	China	Passenger Seat Belt Alarm	Buick Daewoo Lacetti	Jun-07

***New Asian Business Awarded In First Quarter
Worth \$170 Million Annually ****

* Includes consolidated and non-consolidated sales.

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

[Examples of Lear Products and Technologies Featured at SAE World Congress]



ProTec™ Head Restraint Systems

Active whiplash protection system

Reclining Rear Seat

Adjustable cushions provide greater rear seat comfort

Dynamic Environmental Comfort System™

Advanced seat comfort using layered/eco-friendly materials

Aventino™ Collection

Lear's family of premium leather

Lear Flexible Seat Architecture™

Common seat structure adaptable to multiple vehicle platforms

Multifunction Seat Back Panel

Seat back panel accommodates storage/multimedia uses

SmartFold™ Electronic

Electronically controlled seat folding system



Operating Priorities

Production Innovation and Technology – Electronics and Electrical

[Examples of Lear Products and Technologies Featured at SAE World Congress]



Intelligent Headlamp Systems
Headlights adapt to changing road conditions



TouchTec™ Controls
Touch activated sensors replace mechanical controls



Hybrid Terminals and Connectors
High-voltage connectors for hybrid vehicle applications



Ambient Lighting
Customizable interior lighting and effects



Solid-State Smart Junction Box
'Smart' solid-state protection eliminates fuses and relays



Rear Entertainment Systems
Multimedia electronics crafted into vehicle interior design



Power Inverters
12V / 230V enable AC outlets in the vehicle



Financial Review

First Quarter 2007

Major Factors Impacting Financial Results*

- ▶▶ Special items in first quarter:
 - Consolidated results include North American Interior business
 - Costs related to divestiture of Interior business
 - Costs related to restructuring actions and merger proposal
 - Curtailment gain related to freezing salaried pension plan

- ▶▶ First-quarter operating results stronger than expected, reflecting:
 - Less adverse Lear platform mix globally
 - Favorable cost performance and operating efficiencies

- ▶▶ Full-year outlook updated to reflect improved performance in international operations:
 - Core operating earnings increased to \$580 to \$620 million
 - Free cash flow increased to \$240 million

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

First Quarter 2007 Industry Environment



	<u>First Quarter 2007</u>	<u>First Quarter 2007 vs. 2006</u>
<u>North American Production</u>		
Industry	3.8 mil	Down 8%
Big Three	2.4 mil	Down 12%
<u>European Production</u>		
Industry	5.1 mil	Flat
Lear's Top 5 Customers	2.6 mil	Flat
<u>Key Commodities (Quarterly Average)</u>		
	<u>vs. Prior Quarter</u>	
Steel (Hot Rolled)	Down 7%	Down 4%
Resins (Polypropylene)	Up 3%	Up 2%
Copper	Down 16%	Up 17%
Crude Oil	Down 4%	Down 9%

First Quarter 2007 Financial Summary*



(in millions, except net income per share)

	<i>First Quarter 2007</i>	<i>First Quarter 2006</i>	<i>1Q '07 B/(W) 1Q '06</i>
Net Sales	\$4,406.1	\$4,678.5	(\$272.4)
Income Before Interest, Other (Income) Expense and Income Taxes	\$184.4	\$54.2	\$130.2
Pretax Income	\$82.3	\$14.8	\$67.5
Net Income	\$49.9	\$17.9	\$32.0
Net Income Per Share	\$0.64	\$0.26	\$0.38
SG&A % of Net Sales	2.9 %	3.5 %	0.6 pts.
Interest Expense	\$51.5	\$47.7	(\$3.8)
Depreciation / Amortization	\$74.5	\$97.8	\$23.3
Other (Income) Expense, Net	\$25.0	(\$8.3)	(\$33.3)

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

Restructuring and Special Items*

(in millions)	<i>Income Before Interest, Other (Income) Expense and Income Taxes</i>	<i>Pretax Income</i>	Memo:		
			<i>Income Statement Category</i>		
			<u>COGS</u>	<u>SG&A</u>	<u>Loss on Divestiture/Other</u>
2007 Reported Results	\$ 184.4	\$ 82.3			
<i>Reported results include the following items:</i>					
Costs related to divestiture of Interior business	\$ 8.2	\$ 33.8	\$ 6.2	\$ 2.0	\$ 25.6
Costs related to restructuring actions	15.8	15.8	13.3	2.5	-
U.S. salaried pension plan curtailment gain	(36.4)	(36.4)	-	(36.4)	-
Costs related to merger transaction	9.4	9.4	-	9.4	-
Loss on joint venture transaction	-	3.9	-	-	3.9
2007 Core Operating Results	\$ 181.4	\$ 108.8			
2006 Core Operating Results	\$ 81.2	\$ 15.5			

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

First Quarter 2007



Net Sales Changes and Margin Impact Versus Prior Year

Performance Factor	Net Sales Change (in millions)	Margin Impact	Comments
Industry Production / Platform Mix / Net Pricing / Other	\$ (484)	Negative	Primarily lower industry production in North America (down 8%) and unfavorable platform mix (Big 3 down 12%)
Global New Business	280	Positive	GMT 900 pickup and Hyundai Santa Fe in N.A.; Nissan Qashqai, Range Rover, Peugeot 207 and Ford Galaxy in Europe; Hyundai Veracruz in Asia
F/X Translation	145	Neutral	Euro up 9%, Canadian dollar down 2%
Acquisition / Divestiture	(213)	Neutral	Divestiture of European Interior business
Commodity / Raw Material		Neutral	Steel down 4% and copper up 17%, with some prior period recovery
Performance		Positive	Favorable operating performance in core businesses, including benefits from restructuring actions

First Quarter 2007

Business Segment Results*



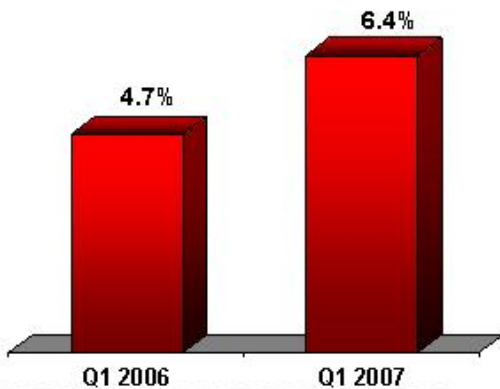
(\$ in millions)	First Quarter	
	2007	2006
Seating		
Net Sales	\$ 2,994.2	\$ 2,992.5
Reported Segment Earnings*	\$ 197.1	\$ 125.9
Adjusted Segment Earnings	\$ 192.5	\$ 142.0
% of Sales	6.6 %	4.2 %
Adjusted % of Sales**	6.4 %	4.7 %
Electronic and Electrical		
Net Sales	\$ 788.7	\$ 787.3
Reported Segment Earnings*	\$ 17.5	\$ 53.1
Adjusted Segment Earnings	\$ 37.5	\$ 55.2
% of Sales	2.2 %	6.7 %
Adjusted % of Sales**	4.8 %	7.0 %
Interior		
Net Sales	\$ 623.2	\$ 898.7
Reported Segment Earnings*	\$ 8.8	\$ (59.5)
Adjusted Segment Earnings	\$ 11.2	\$ (50.7)
% of Sales	1.4 %	(6.6) %
Adjusted % of Sales**	1.8 %	(5.6) %
Headquarters Costs		
Reported Segment Earnings*	\$ (39.0)	\$ (65.3)
Adjusted Segment Earnings	\$ (59.8)	\$ (65.3)
Total Company		
Reported	\$ 184.4	\$ 54.2
Adjusted	\$ 181.4	\$ 81.2

* Segment earnings represent income (loss) before loss on divestiture, interest, other expense and income taxes. Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information.

** Adjusted segment earnings and % of sales excludes impairments, restructuring costs and other special items of (\$3.0) million (Seating - (\$4.6), Electronic and Electrical - \$20.0, Interior - \$2.4, HQ - (\$20.8)) and \$27.0 million (Seating - \$16.1, Electronic and Electrical - \$2.1, Interior - \$8.8) for the three months ended 3/31/07 and 4/1/06, respectively.

Seating Segment Performance*

Adjusted Seating Margin



Adj. Seg. Earnings (in millions)	Q1 2006	Q1 2007
	\$142.0	\$192.5

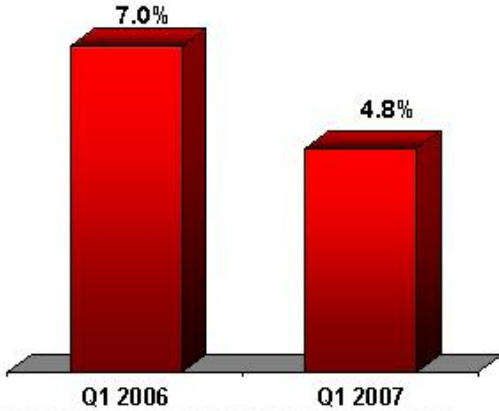
Explanation of Year-to-Year Change

- + Benefit from new Seating business outside N. A.
- + Savings from restructuring actions
- + Ongoing cost and efficiency actions
- + Improving results in Europe/Asia
- + Net commodities slightly favorable
- Lower industry production and unfavorable platform mix in N. A.

* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information and refer to slide 23 in this presentation for a reconciliation of reported segment earnings to adjusted segment earnings.

Electronic and Electrical Segment Performance*

Adjusted Electronic and Electrical Margin



Adj. Seg. Earnings (in millions)	Q1 2006	Q1 2007
	\$55.2	\$37.5

Explanation of Year-to-Year Change

- Lower industry production and unfavorable platform mix in N. A.
- Unfavorable net pricing
- /+ Higher copper prices offset by prior period recovery
- + Improving results in Asia

* Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information and refer to slide 23 in this presentation for a reconciliation of reported segment earnings to adjusted segment earnings.

First Quarter 2007

Free Cash Flow*



(in millions)	<u>First Quarter 2007</u>
Net Income	\$ 49.9
Divestiture of Interior Business	25.6
Depreciation / Amortization	74.5
Working Capital / Other	<u>(152.9)</u>
Cash used in Operations	\$ (2.9)
Capital Expenditures	<u>(29.2)</u>
Free Cash Flow	<u><u>\$ (32.1)</u></u>

* Free Cash Flow represents net cash used in operating activities (\$41.8 million for the three months ended 3/31/07) before net change in sold accounts receivable (\$38.9 million for the three months ended 03/31/07) (Cash used in Operations), less capital expenditures. Please see slides titled "Non-GAAP Financial Information" at the end of this presentation for further information.

Full-Year Production Assumptions*

	<u>Full-Year 2007 Outlook</u>	<u>Change from Prior Year</u>
<u>North American Production</u>		
Total Industry	~ 15.2 mil	flat
Big Three	~ 9.8 mil	down 4%
<u>European Production</u>		
Total Industry	~ 19.3 mil	flat
Lear's Top 5 Customers	~ 9.7 mil	down 1%
Euro	\$1.32 / Euro	up 5%
<u>Key Commodities</u>		
	moderating (except copper)	slightly lower (except copper)

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

Full-Year Financial Projections*

2007 Full-Year Financial Outlook for Core Business	
(excludes Interior business)	
<u>Net Sales</u>	~ \$14.8 billion
<u>Core Operating Earnings</u>	\$580 to \$620 million
Income before interest, other expense, income taxes, restructuring costs and other special items	
<u>Interest Expense</u>	\$210 to \$220 million
<u>Pretax Income</u>	\$290 to \$330 million
before restructuring costs and other special items	
<u>Estimated Tax Expense</u>	\$100 to \$120 million **
<u>Pretax Restructuring Costs</u>	~ \$100 million
<u>Capital Spending</u>	~ \$250 million
<u>Depreciation and Amortization</u>	~ \$310 million
<u>Free Cash Flow</u>	~ \$240 million

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

** Subject to actual mix of financial results by country.



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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 "income before interest, other (income) expense and income taxes," "income before interest, other (income) expense, income taxes, restructuring costs and other special items" (core operating earnings), "pretax income before restructuring costs and other special items" and "free cash flow" (each, a non-GAAP financial measure). Free cash flow represents net cash provided by operating activities before the net change in sold accounts receivable, less capital expenditures. The Company believes it is appropriate to exclude the net change in sold accounts receivable in the calculation of free cash flow since the sale of receivables may be viewed as a substitute for borrowing activity.

Management believes the non-GAAP financial measures used in this press release are useful to both management and investors in their analysis of the Company's financial position and results of operations. In particular, management believes that income before interest, other (income) expense and income taxes, core operating earnings and pretax income before restructuring costs and other special items are useful measures in assessing the Company's financial performance by excluding certain items that are not indicative of the Company's core operating earnings or that may obscure trends useful in evaluating the Company's continuing operating activities. Management also believes that these measures are useful to both management and investors in their analysis of the Company's results of operations and provide 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.

Income before interest, other (income) expense and income taxes, core operating earnings, pretax income before restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for pretax income, net income, cash provided by (used in) operating activities or other income statement 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.

Set forth on the following slides are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP. Given the inherent uncertainty regarding special items and the net change in sold accounts receivable in any future period, a reconciliation of forward-looking financial measures is not feasible. The magnitude of these items, however, may be significant.

Non-GAAP Financial Information

Cash used in Operations and Free Cash Flow



(in millions)	Three Months	
	<u>Q1 2007</u>	
Net cash used in operating activities	\$	(41.8)
Net change in sold accounts receivable		<u>38.9</u>
Net cash used in operating activities before net change in sold accounts receivable (cash used in operations)		(2.9)
Capital expenditures		<u>(29.2)</u>
Free cash flow	\$	<u>(32.1)</u>

Non-GAAP Financial Information

Core Operating Earnings



(in millions)	Three Months	
	Q1 2007	Q1 2006
Pretax income	\$ 82.3	\$ 14.8
Loss on divestiture of Interior business	25.6	-
Interest expense	51.5	47.7
Other (income) expense, net	25.0	(8.3)
Income before interest, other (income) expense and income taxes	\$ 184.4	\$ 54.2
Costs related to divestiture of Interior business (included in COS and SG&A)	8.2	-
Fixed asset impairment charges	-	2.0
Costs related to restructuring actions	15.8	25.0
U.S. salaried pension plan curtailment gain	(36.4)	-
Costs related to merger transaction	9.4	-
Income before interest, other (income) expense, income taxes, restructuring costs and other special items (core operating earnings)	\$ 181.4	\$ 81.2

Non-GAAP Financial Information
Pretax Income before Restructuring Costs
and Other Special Items



(in millions)	Three Months	
	<u>Q1 2007</u>	<u>Q1 2006</u>
Pretax income	\$ 82.3	\$ 14.8
Costs related to divestiture of Interior business	33.8	-
Fixed asset impairment charges	-	2.0
Costs related to restructuring actions	15.8	24.6
U.S. salaried pension plan curtailment gain	(36.4)	-
Costs related to merger transaction	9.4	-
(Gain) loss related to joint venture transactions	<u>3.9</u>	<u>(25.9)</u>
Pretax income before restructuring costs and other special items	<u>\$ 108.8</u>	<u>\$ 15.5</u>

Non-GAAP Financial Information

Segment Earnings Reconciliation



(in millions)	Three Months	
	Q1 2007	Q1 2006
Seating	\$ 197.1	\$ 125.9
Electronic and Electrical	17.5	53.1
Interior	8.8	(59.5)
Segment earnings	\$ 223.4	\$ 119.5
Corporate and geographic headquarters and elimination of intercompany activity	(39.0)	(65.3)
Income before interest, other (income) expense and income taxes	\$ 184.4	\$ 54.2
Loss on divestiture of Interior business	25.6	-
Interest expense	51.5	47.7
Other (income) expense, net	25.0	(8.3)
Pretax income	\$ 82.3	\$ 14.8

Non-GAAP Financial Information

Adjusted Segment Earnings



(in millions)	Three Months Q1 2007				Three Months Q1 2006			
	Electronic and				Electronic and			
	Seating	Electrical	Interior	HQ/ Other	Seating	Electrical	Interior	HQ/ Other
Segment earnings	\$ 197.1	\$ 17.5	\$ 8.8	\$ (39.0)	\$ 125.9	\$ 53.1	\$ (59.5)	\$ (65.3)
Costs related to divestiture of Interior business	-	-	2.4	5.8	-	-	-	-
Fixed asset impairment charges	-	-	-	-	-	-	2.0	-
Costs related to restructuring actions	(4.6)	20.0	-	0.4	16.1	2.1	6.8	-
U.S. salaried pension plan curtailment gain	-	-	-	(36.4)	-	-	-	-
Costs related to merger transaction	-	-	-	9.4	-	-	-	-
Adjusted segment earnings	\$ 192.5	\$ 37.5	\$ 11.2	\$ (59.8)	\$ 142.0	\$ 55.2	\$ (50.7)	\$ (65.3)

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 and liquidity. 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 or currency exchange rates, the financial condition of the Company's customers or suppliers, fluctuations in the production of vehicles for which the Company is a supplier, disruptions in the relationships with the Company's suppliers, labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company, the Company's ability to achieve cost reductions that offset or exceed customer-mandated selling price reductions, the outcome of customer productivity negotiations, the impact and timing of program launch costs, the costs and timing of facility closures, 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 costs and availability, the Company's ability to mitigate the significant impact of 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 cash flow, including the Company's ability to align its vendor payment terms with those of its customers, the finalization of the Company's restructuring strategy and other risks described from time to time in the Company's Securities and Exchange Commission filings. In particular, the Company's financial outlook for 2007 is based on several factors, including the Company's current vehicle production and raw material pricing assumptions. The Company's actual financial results could differ materially as a result of significant changes in these factors. The Company's proposed merger with AREP Car Acquisition Corp. is subject to various conditions including the receipt of the requisite stockholder approval from the Company's stockholders, antitrust approvals and other conditions to closing customary for transactions of this type. No assurances can be given that the proposed transaction will be consummated or, if not consummated, that the Company will enter into a comparable or superior transaction with another party.

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