

**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 26, 2004**

LEAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-11311
(Commission File Number)

13-3386776
(IRS Employer Identification Number)

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

48034
(Zip Code)

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

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

TABLE OF CONTENTS

[Item 5. Other Events and Regulation FD Disclosure](#)

[Item 7. Financial Statements and Exhibits](#)

[Item 9. Regulation FD Disclosure](#)

[Item 12. Results of Operations and Financial Condition](#)

[SIGNATURE](#)

[EXHIBIT INDEX](#)

[Press Release](#)

[Presentation Slides](#)

[Table of Contents](#)

Item 5. Other Events and Regulation FD Disclosure

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

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 Press release issued April 26, 2004, filed herewith.

99.2 Presentation slides from the Lear Corporation webcast of its first quarter 2004 earnings call held on April 26, 2004, filed herewith.

Item 9. Regulation FD Disclosure

See “Item 12. Results of Operations and Financial Condition” below.

Item 12. Results of Operations and Financial Condition

The following information is provided pursuant to Item 12 of Form 8-K, “Results of Operations and Financial Condition.”

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

The following information is provided pursuant to Item 9 of Form 8-K, “Regulation FD Disclosure,” and Item 12 of Form 8-K, “Results of Operations and Financial Condition.”

On April 26, 2004, Lear Corporation made available the presentation slides attached hereto as Exhibit 99.2 in a webcast of its first quarter 2004 earnings call. Exhibit 99.2 is incorporated by reference herein.

The information contained in Exhibit 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.

SIGNATURE

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

LEAR CORPORATION,
a Delaware corporation

Date: April 26, 2004

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

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release issued April 26, 2004, filed herewith.
99.2	Presentation slides from the Lear Corporation webcast of its first quarter 2004 earnings call held on April 26, 2004, filed herewith.

FOR IMMEDIATE RELEASE

Investor Relations:Anne Bork
(248) 447-5914**Media:**Andrea Puchalsky
(248) 447-1651**Lear Posts Record First Quarter Net Sales of \$4.5 Billion**

Southfield, Mich., April 26, 2004 — Lear Corporation [NYSE: LEA], the world's largest automotive interior systems supplier, today reported financial results for the first quarter of 2004 and updated 2004 guidance.

First Quarter Highlights:

- **Record net sales of \$4.5 billion, up 15% from a year ago**
- **Net income of \$1.30 per share, up 29% from a year ago**
- **Announced agreement to acquire Grote & Hartmann, a manufacturer of electrical components based in Germany**
- **Received Global Value Achievement Award from Toyota**
- **Ranked as America's Most Admired Company in the Motor Vehicle Parts sector by *FORTUNE* Magazine**

For the first quarter of 2004, Lear posted record net sales of \$4.5 billion and net income of \$91.4 million, or \$1.30 per share. These results compare to net sales of \$3.9 billion and net income of \$67.9 million, or \$1.01 per share, for the first quarter of 2003.

Net sales rose \$593 million, or 15%, from the prior year's first quarter. The net sales increase reflects primarily the impact of currency exchange and the addition of new business globally.

Net income per share of \$1.30 in the quarter was a 29% improvement compared with a year earlier, reflecting the impact of higher sales, operating efficiencies and lower interest expense, offset in part by customer price reductions and facility consolidation costs. Additional facility consolidation costs of about \$0.10 per share expected to be incurred in the first quarter are now included in the second quarter outlook.

(more)

“Despite challenging industry and economic conditions, we continued to meet aggressive customer requirements and post solid financial results,” said Bob Rossiter, Lear Chairman and Chief Executive Officer. “We intend to maintain our positive momentum by staying focused on what we can control — quality, customer service, cost and delivery.”

Free cash flow was \$49.9 million for the first quarter of 2004. (Net cash provided by operating activities was \$56.8 million. A reconciliation of free cash flow to net cash provided by operating activities is provided in the supplemental data page.)

During the first quarter, Lear was recognized by Toyota Motor Corporation for global value achievement in 2003. In addition, *FORTUNE* Magazine recognized Lear as America’s Most Admired Company in the Motor Vehicle Parts sector, with a #1 ranking for each attribute of reputation in the 2004 survey. In the most recent FORTUNE 500 ranking of publicly-traded U.S. companies by sales, Lear moved up to #129 and remains one of the fastest-growing companies in America based on ten-year revenue growth.

Second Quarter and Full Year 2004 Outlook

For the second quarter of 2004, net sales are expected to be up about 5% from a year ago, to approximately \$4.3 billion. This reflects the assumed impact of currency exchange and the addition of new business globally. Net income per share is expected to be in the range of \$1.55 to \$1.65.

For the full year, net sales are now expected to be approximately \$16.6 billion, compared with \$15.7 billion in 2003. The increase primarily reflects the addition of new business globally and the estimated impact of the Grote & Hartmann acquisition (closing planned by June 30, 2004). The impact of unfavorable platform and production mix is expected to be largely offset by favorable currency exchange.

Lear’s 2004 industry production planning assumptions remain unchanged at 16.0 million units for North America and 18.2 million units for Europe (16.0 million for Western Europe). Given this industry outlook and a forecasted tax rate of approximately 28%, net income is expected to be in the range of \$5.85 to \$6.25 per share. Full year capital spending is forecasted to be approximately \$350 million, including estimated second half spending at Grote & Hartmann and accelerated spending for major new programs. Depreciation is expected to be about \$375 million. Free cash flow continues to be forecasted in the \$300 million to \$350 million range. Interest expense is expected to be about \$170 million.

Lear will webcast its first quarter earnings conference call through the Investor Relations link at www.lear.com at 9:00 a.m. EDT on April 26, 2004. 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 7, 2004 with a Conference I.D. of 4254593.

Lear Corporation, a FORTUNE 500 company headquartered in Southfield, Michigan, USA, focuses on integrating complete automotive interiors, including seat systems, interior trim and electrical systems. With annual net sales of \$15.75 billion in 2003, Lear is the world's largest automotive interior systems supplier. The Company's world-class products are designed, engineered and manufactured by more than 110,000 employees. At December 31, 2003, Lear had 289 facilities located in 34 countries. Further information about Lear and its products is available on the Internet at www.lear.com.

Use of Non-GAAP Financial Information

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

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

Free cash flow should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and thus, does not reflect funds available for investment or other discretionary uses. Also, free cash flow, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

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

Forward-Looking Statements

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

Statements regarding the anticipated timing and impact of the Grote & Hartmann acquisition are also included. Actual events or results may differ materially from anticipated events or results as a result of certain risks and uncertainties, including, but not limited to, whether or not the conditions to the completion of the transaction are satisfied, the possibility that the transaction will not close, the timing of the closing of the transaction and Lear's ability to successfully integrate Grote & Hartmann's operations.

In addition, the full year per share earnings guidance is based on assumed 71.0 million shares outstanding and does not reflect the potential dilutive impact of the convertible senior notes. The forward-looking statements in this news release are made as of the date hereof, and the Company does not assume any obligation to update them.

Lear Corporation and Subsidiaries
Consolidated Statements of Income

(Unaudited; in millions, except per share amounts)

	Three Months Ended	
	April 3, 2004	March 29, 2003
Net sales	\$ 4,492.1	\$ 3,898.7
Cost of sales	4,145.2	3,590.1
Selling, general and administrative expenses	167.7	146.7
Interest expense	39.1	52.4
Other expense, net	14.1	12.5
Income before income taxes	126.0	97.0
Income taxes	34.6	29.1
Net income	\$ 91.4	\$ 67.9
Basic net income per share	\$ 1.34	\$ 1.03
Diluted net income per share	\$ 1.30	\$ 1.01
Weighted average number of shares outstanding — basic	68.4	65.8
Weighted average number of shares outstanding — diluted	70.6	67.4

Lear Corporation and Subsidiaries
Consolidated Balance Sheets

(In millions)

	April 3, 2004	December 31, 2003
	(Unaudited)	(Audited)
ASSETS		
Current:		
Cash and cash equivalents	\$ 146.7	\$ 169.3
Accounts receivable	2,630.3	2,200.3
Inventories	548.2	550.2
Recoverable customer engineering and tooling	178.8	169.0
Other	281.6	286.6
	<u>3,785.6</u>	<u>3,375.4</u>
Long-Term:		
PP&E, net	1,779.9	1,817.8
Goodwill, net	2,927.6	2,940.1
Other	434.8	437.7
	<u>5,142.3</u>	<u>5,195.6</u>
Total Assets	\$ 8,927.9	\$ 8,571.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Short-term borrowings	\$ 9.4	\$ 17.1
Accounts payable and drafts	2,611.5	2,444.1
Accrued liabilities	1,214.8	1,116.9
Current portion of long-term debt	3.4	4.0
	<u>3,839.1</u>	<u>3,582.1</u>
Long-Term:		
Long-term debt	2,049.8	2,057.2
Other	698.7	674.2
	<u>2,748.5</u>	<u>2,731.4</u>
Stockholders' Equity	<u>2,340.3</u>	<u>2,257.5</u>
Total Liabilities and Stockholders' Equity	\$ 8,927.9	\$ 8,571.0

Lear Corporation and Subsidiaries
Supplemental Data

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

	Three Months Ended	
	April 3, 2004	March 29, 2003
Net Sales		
North America	\$ 2,506.1	\$ 2,438.1
Europe	1,756.6	1,331.3
Rest of World	229.4	129.3
Total	\$ 4,492.1	\$ 3,898.7
Content Per Vehicle *		
North America	\$ 589	\$ 596
Total Europe	\$ 357	\$ 289
Western Europe	\$ 380	\$ 298
Free Cash Flow **		
Net cash provided by operating activities	\$ 56.8	\$ 96.6
Net change in sold accounts receivable	70.4	53.4
Net cash provided by operating activities before net change in sold accounts receivable	127.2	150.0
Capital expenditures	(77.3)	(70.3)
Free cash flow	\$ 49.9	\$ 79.7
Depreciation	\$ 83.1	\$ 74.4

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

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



Exhibit 99.2

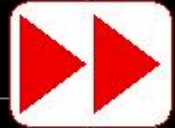
First Quarter 2004 Earnings Review

April 26, 2004

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

▶▶ *advance relentlessly*

fast forward



- I. Operating Review**
Jim Vandenberghe, Vice Chairman

- II. Financial Review and Guidance**
Dave Wajsgras, SVP and CFO

- III. Q & A**

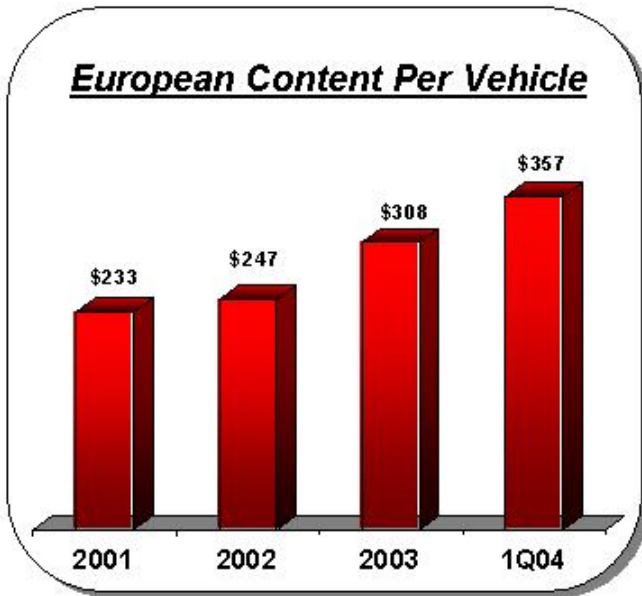
Operating Review

- ▶ Economic conditions and customer requirements remain challenging
- ▶ Achieved record first quarter net sales of \$4.5 billion and net income per share of \$1.30
- ▶ Timing of facility actions favorably impacted first quarter net income per share by about \$0.10
- ▶ Grote & Hartmann will strengthen our position in electrical distribution systems
- ▶ Despite the challenges, full year net income per share guidance remains unchanged

Working Hard to Meet Aggressive Customer Requirements and Deliver Value to Our Shareholders

- ▶▶ European operations continue to improve
- ▶▶ Grote & Hartmann acquisition a good fit
- ▶▶ Commodity prices moving up
- ▶▶ Total Interior Integrator Program on track; first prototypes delivered to GM

Lear On Track Despite Industry Challenges

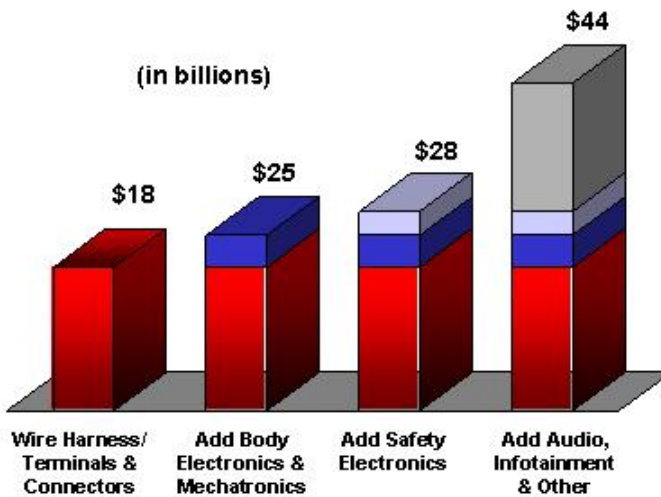


European Operating Fundamentals

- ▶▶ First quarter financials improve from prior year first quarter
- ▶▶ On track for second consecutive year of improvement

European Content Per Vehicle and Operating Fundamentals Improving

Electrical/Electronics
Global Market Opportunity*



Grote & Hartmann**

- ▶▶ High quality producer with technical expertise
- ▶▶ Improves overall competitiveness in electrical/electronics market
- ▶▶ Provides avenue for growth and customer diversification

***Acquisition Consistent with our
Electrical/Electronics Strategy***

* Based on internal Lear estimates

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

- ▶ **Material costs represent about two-thirds of sales**
- ▶ **Commodity costs are small portion of overall material costs**
- ▶ **Key commodities include resins, leather, steel and diesel fuel**
- ▶ **Commodity costs up slightly in first quarter**
- ▶ **Estimated impact contained in full year guidance range**

***Higher Raw Material Prices Not Expected to Impact
Full Year Net Income Per Share Guidance***

GM Total Interior Integrator Program On Track

- ▶▶ **Total Interior prototypes have been completed and shipped to GM**
- ▶▶ **Refining engineering designs with GM to harmonize total interior with overall vehicle aesthetics**
- ▶▶ **Interiors feature several Lear innovations integrated as a vehicle system for the first time**
 - ▶▶ **Spray PUR™ seamless polyurethane coating on instrument panel**
 - ▶▶ **Sonotec® lightweight acoustical products**
 - ▶▶ **Flexible seating architecture**
- ▶▶ **Ongoing studies confirm that consumer appeal remains on target throughout the development process**

Lear Working in Close Partnership with GM to Deliver "World Class" Interiors for Next Generation Large and Luxury Vehicles

Financial Review and Guidance

Industry Environment – Lear’s Major Markets

Challenging Automotive Industry Dynamics

Overcapacity

Fierce Competition

Shifts in Market Share on a Global Basis

Slow Industry Growth



Combined With Uncertain Demand Outlook, Has Resulted In:

Pricing Environment – Consumers in the ‘Driver’s Seat’

Major New Product Development Efforts



To Remain Competitive

Automakers Aggressively Striving To Improve

Quality, Cost and Delivery

Financial Review



Financial Highlights – First Quarter 2004

(in millions, except net income per share)	<u>First Quarter 2004</u>	<u>First Quarter 2003</u>	<u>1Q '04 B/(W) 1Q '03</u>
Net Sales	\$ 4,492.1 ✓	\$ 3,898.7	\$ 593.4
Income before Interest, Other Expense & Income Taxes (core operating earnings)*	\$ 179.2	\$ 161.9	\$ 17.3
Margin	4.0 %	4.2 %	(0.2)pts
Net Income	\$ 91.4	\$ 67.9	\$ 23.5
Net Income Per Share	\$ 1.30	\$ 1.01	\$ 0.29
SG&A % of Net Sales	3.7 %	3.8 %	0.1 pts
Interest Expense	\$ 39.1	\$ 52.4	\$ 13.3
Other Expense, Net	\$ 14.1	\$ 12.5	\$ (1.6)

✓ Record

* Income before income taxes for the first quarter 2004 and 2003 was \$126.0 and \$97.0, respectively. Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

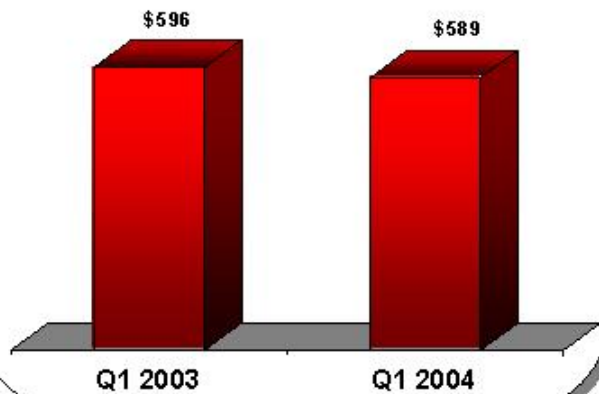
1Q04 vs 1Q03 - Change in Net Sales and Core Operating Earnings

(millions)	<u>Directional Year-Over-Year Impact</u>	
	<u>Net Sales</u>	<u>Core Operating Earnings*</u>
Industry Production & Platform Mix	<i>neutral</i>	<i>neutral</i>
Foreign Exchange	<i>positive</i>	<i>positive</i>
Global New Business	<i>positive</i>	<i>positive</i>
Operating Efficiencies		<i>positive</i>
All Other Factors		<i>negative</i>
Total Change	<u>\$ 593</u>	<u>\$ 17</u>

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

North American Content Per Vehicle

North American Content Per Vehicle (CPV)



Factors Impacting North American CPV

- ▶ Phase-out of Ford Windstar and GM small car platforms
- ▶ Most of the new business backlog in the first quarter was outside North America
- ▶ Outlook for second quarter and 2004 North American CPV down year-over-year

2005 New Business Backlog Expected to Support North American CPV Improvement

European Content Per Vehicle

- ▶▶ **European CPV of \$357, up 7% from a year ago adjusted for currency**

- ▶▶ **Western Europe CPV of \$380, up 9% from 2003 adjusted for currency**

- ▶▶ **Euro 17% stronger than a year ago**

European Content Per Vehicle Continues Upward Trend

Financial Review

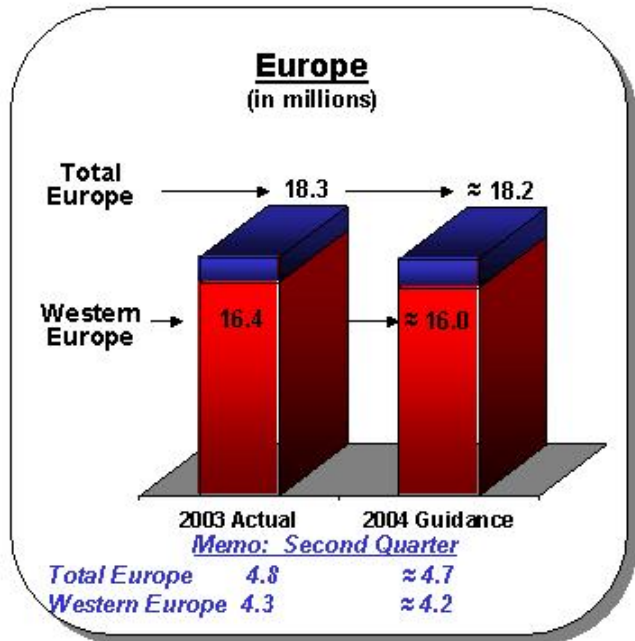
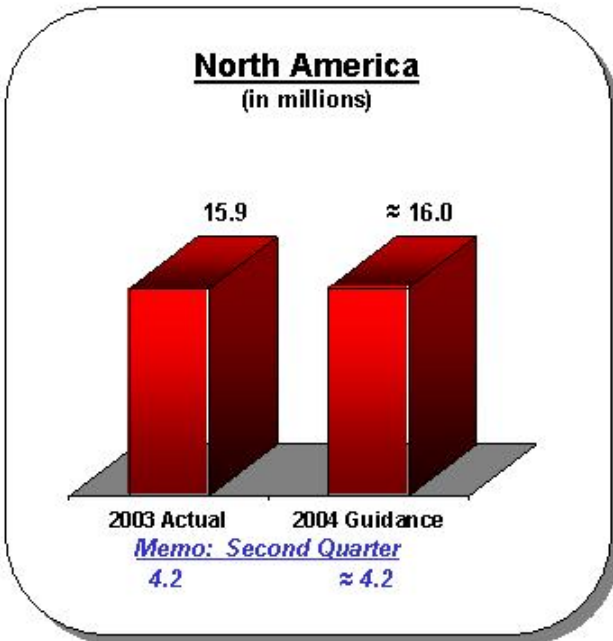
First Quarter Cash Flow



(in millions)	First Quarter <u>2004</u>
Net Income	\$ 91
Depreciation	83
Working Capital / Other	<u>(47)</u>
Cash from Operations*	\$ 127
Capital Expenditures	<u>(77)</u>
Free Cash Flow	<u>50</u>

* Cash from Operations represents net cash provided by operating activities (\$56.8 for first quarter 2004) before net change in sold accounts receivable (\$70.4 for first quarter 2004). Please see slides titled "Use of Non-GAAP Financial Information" at the end of this presentation for further information.

Full Year Vehicle Production Assumptions*



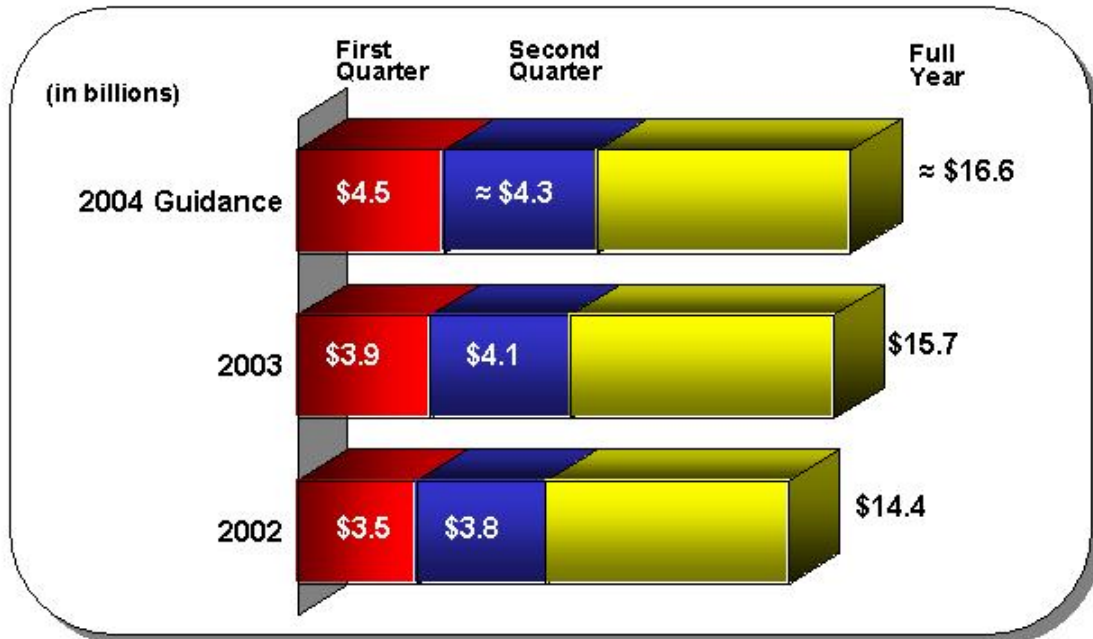
2004 Production Stable in North America and Europe

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

2004 Guidance



Second Quarter and Full Year Net Sales*



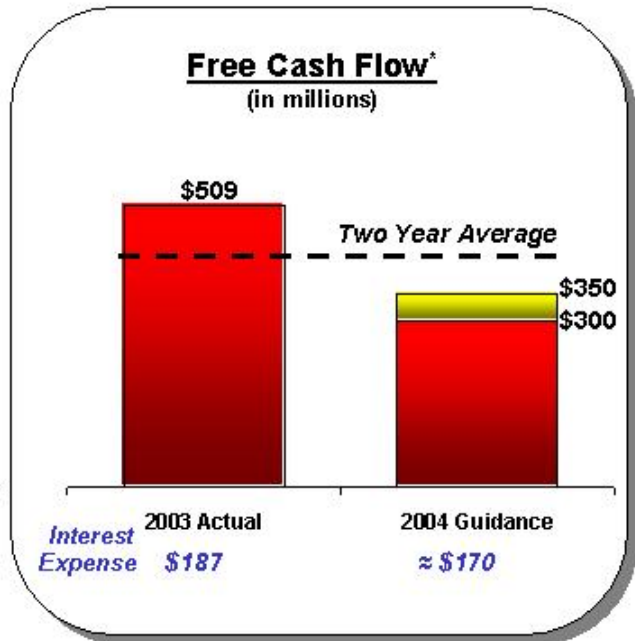
Record Net Sales in 2004 Anticipated

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

2004 Guidance



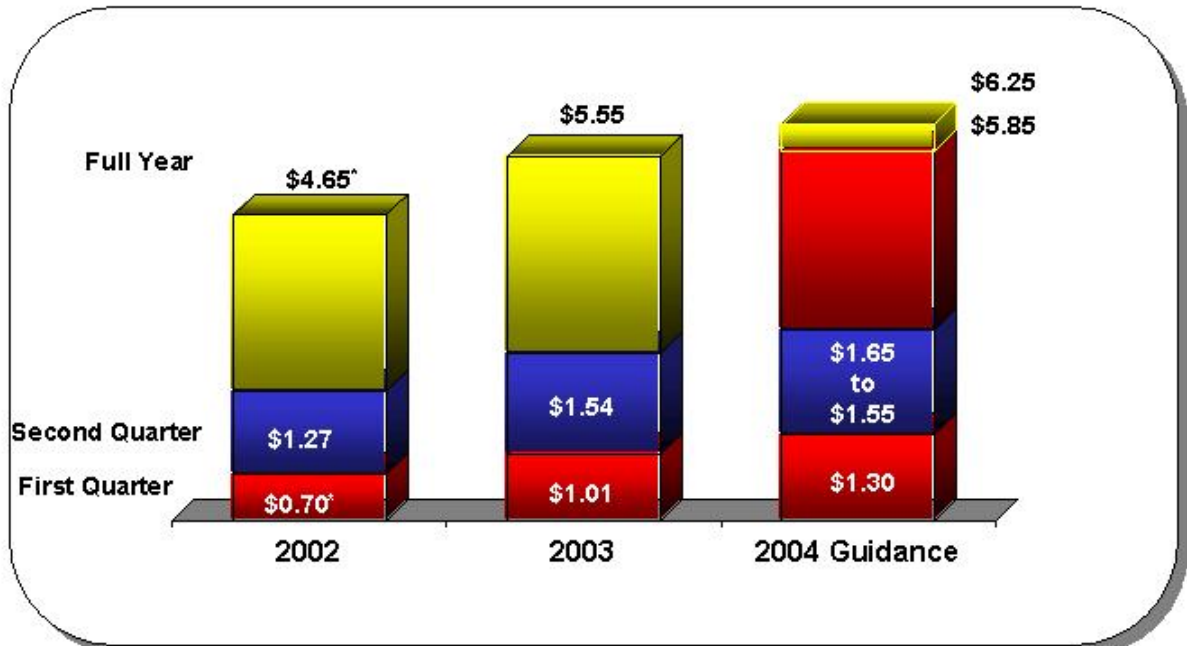
Capital Spending and Free Cash Flow



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

2004 Guidance

Net Income Per Share**



Full Year EPS Guidance Remains Unchanged

* Represents income per share before cumulative effect of a change in accounting principle, which excludes the impact of goodwill impairment of \$298.5 million after-tax, or \$4.50 per share in the first quarter of 2002 and \$4.46 per share in the full year of 2002.

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

- ▶▶ Deliver record sales backlog
- ▶▶ Continue to form alliances and joint ventures
- ▶▶ Accelerate new product innovations
- ▶▶ Win new total interior integrator programs
- ▶▶ Pursue strategic acquisitions

***Comprehensive Approach to Profitably
Growing Our Business***

- ▶ **Total transaction value: \$220 million**
- ▶ **Headquarters: Wuppertal, Germany; 1,900 employees**
- ▶ **Major products: terminals & connectors and junction boxes**
- ▶ **≈ \$275 million in revenue, with about 75% in Europe**
- ▶ **Major customers: VW, BMW, Ford, Opel, DCX, Renault, MAN and PSA group**

Acquisition Expected to be Slightly Accretive in 2005

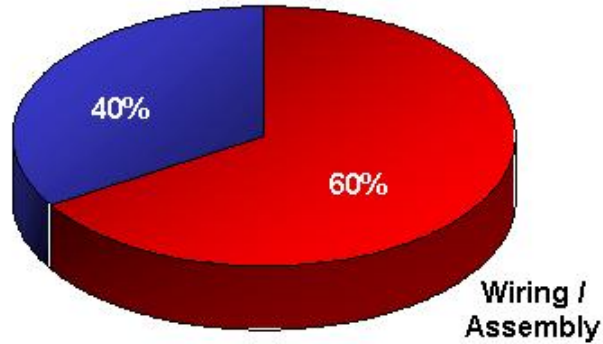
Wire Harness Composition

Average Wire Harness Composition

Terminals & Connectors



Terminals & Connectors



Wire Harness



Terminals & Connectors are an Integral Part of a Wire Harness Assembly

Blueprint for Success

Superior Culture

- Put Our Customers First in Everything We Do
- Continually Improve Our Operating Fundamentals
- Work Closely Together and 'Advance Relentlessly'

Superior Organizational Capability

- World's Largest & Most Admired Automotive Interior Supplier
- Total Interior Integration Capability, Including Electronics
- Global Presence with 289 Facilities in 34 Countries

Superior Competitive Advantage

- Consistently Deliver High Quality & Customer Satisfaction
- High Variable Cost Structure; No Significant Legacy Costs
- Work Proactively with Customers to Eliminate Waste



LEAR[®]
CORPORATION

ADVANCE RELENTLESSLY™



▶▶ www.lear.com

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

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

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

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

Use of Non-GAAP Financial Information

Core Operating Earnings



(in millions)	Three Months	
	Q1 2004	Q1 2003
<u>Income before interest, other expense and income taxes</u>		
Income before income taxes	\$ 126.0	\$ 97.0
Interest expense	39.1	52.4
Other expense, net	<u>14.1</u>	<u>12.5</u>
Income before interest, other expense and income taxes (core operating earnings)	<u>\$ 179.2</u>	<u>\$ 161.9</u>

Use of Non-GAAP Financial Information

Free Cash Flow



(in millions)	<u>Three Months</u> <u>Q1 2004</u>	<u>Twelve Months</u> <u>2003</u>
Free cash flow		
Net cash provided by operating activities	\$ 56.8	\$ 586.3
Net change in sold accounts receivable	<u>70.4</u>	<u>298.1</u>
Net cash provided by operating activities before net change in sold accounts receivable	127.2	884.4
Capital expenditures	<u>(77.3)</u>	<u>(375.6)</u>
Free cash flow	<u>\$ 49.9</u>	<u>\$ 508.8</u>

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

Statements regarding the anticipated timing and impact of the Grote & Hartmann acquisition are also included. Actual events or results may differ materially from anticipated events or results as a result of certain risks and uncertainties, including, but not limited to, whether or not the conditions to the completion of the transaction are satisfied, the possibility that the transaction will not close, the timing of the closing of the transaction and Lear's ability to successfully integrate Grote & Hartmann's operations.

In addition, the full year per share earnings guidance is based on assumed 71.0 million shares outstanding and does not reflect the potential dilutive impact of the convertible senior notes. The forward-looking statements in this presentation are made as of the date hereof, and the Company does not assume any obligation to update them.